

**NOMINATION OF LINDA E. McMAHON,
TO BE ADMINISTRATOR OF THE SMALL BUSINESS
ADMINISTRATION**

HEARING

BEFORE THE

**COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP
UNITED STATES SENATE**

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

JANUARY 24, 2017

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NOMINATION OF LINDA E. McMAHON, TO BE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION

TUESDAY, JANUARY 24, 2017

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The Committee met, pursuant to notice, at 10:31 a.m., in Room SR-428A, Russell Senate Office Building, Hon. James E. Risch, Chairman of the Committee, presiding.

Present: Senators Risch, Rubio, Paul, Scott, Ernst, Inhofe, Young, Rounds, Kennedy, Shaheen, Cantwell, Cardin, Heitkamp, Markey, Booker, Coons, Hirono, and Duckworth.

Chairman RISCH. The Committee will come to order. This is the time and place for the hearing to review the qualifications and start our advise-and-consent process, as afforded by the Constitution, for Mrs. Linda McMahon to head the SBA.

Linda, thank you so much for being here, and we have Senators Blumenthal and Murphy to introduce Mrs. McMahon, and both of these gentlemen have run against Mrs. McMahon, and vice versa, so I hope they did not bring their files on oppo research along.

Senator BLUMENTHAL. We have been trying to forget, Mr. Chairman.

[Laughter].

Chairman RISCH. But in any event, Senator Blumenthal, the floor is yours, and thank you so much for gracing us with your presence.

STATEMENT OF HON. RICHARD BLUMENTHAL, A U.S. SENATOR FROM CONNECTICUT

Senator BLUMENTHAL. Thanks, Mr. Chairman. Thanks to you and Ranking Member Senator Shaheen. I am pleased to join my colleague in introducing our fellow resident of Connecticut, Linda McMahon. We know her as a fellow citizen of Connecticut, but also as a successful business leader, as the co-founder and former CEO of the WWE, and also as a very generous contributor to many significant philanthropic and charitable causes and educational institutions in Connecticut, including, for example, Sacred Heart University near where we live.

In my view, Mr. Chairman, I recommend her because I think she would be an excellent fit for this agency based on her experience and expertise as a business leader. She knows, as I do, that small

businesses are the backbone of our economy. They are the most vibrant and vital job creators. They not only innovate by fostering new jobs, but they also invent new products. They are the startups in every sense, and they embody the American dream. Having visited many of them in Connecticut, I know how they create jobs and new products and opportunities for others. And the SBA plays an integral role, as this Committee well knows, in supporting small businesses financially but also encouraging them with expertise and experience.

And Linda McMahon has that kind of expertise and experience. She is a tireless leader and a tenacious fighter. Her professional life has been about building businesses. She has started and struggled in the entrepreneurial trenches, meeting payrolls, hiring and firing, working hard for a vision. And although we have known our share of differences, I have never questioned her unwavering drive and focus.

She has used her business to help veterans and women realize their own dreams and opportunities, and I am hopeful that under her leadership the Small Business Administration will continue its focus on veterans and women. She has played an integral role in spearheading opportunities and dreams for women, and that has been the focus of her professional life most recently.

So I am pleased to be here to introduce her and recommend her to the Committee. She understands the needs of states like Connecticut who are still working hard to recover from the economic recession, who need new jobs, and I hope that she will continue to have Connecticut at the top of her mind as she assumes this new role, and I look forward to working with her, and I know the other members of the Committee will as well.

Thank you very much

Chairman RISCH. Thank you, Senator Blumenthal. I was hoping she was going to have Idaho at the top of her mind, but——

[Laughter.]

Senator BLUMENTHAL. I will let her say that.

Chairman RISCH. I do not think she will.

Senator Murphy, thank you for coming. We are all busy these days, I know, and it is tough to push things aside to get here. But thank you so much. The floor is yours.

**STATEMENT OF HON. CHRISTOPHER MURPHY, A U.S.
SENATOR FROM CONNECTICUT**

Senator MURPHY. Well, thank you very much, Chairman Risch, Ranking Member Shaheen, members of the Committee. It also gives me great pleasure to help introduce our fellow Nutmegger, Linda McMahon, as the President's nominee to serve as the next Administrator of the Small Business Administration.

As you said, Mr. Chairman, this visual is going to be a little amusing and surprising to folks in Connecticut who watched the three of us duke it out over two long Senate campaigns. But you know what? Politics cannot work if political grudges never die, and political adversaries have to find a way to work together after the fight is over. And I am here today to support Linda not because we have magically become of one mind on how we approach every problem that this country faces, but because I have confidence that

she is going to give good, sound counsel to President Trump when it comes to policy affecting small businesses. And I believe that she has the passion for this job that is vital.

At its core, the SBA's mission is simple: to help Americans start, build, and grow businesses. And virtually every owner and starter of a small business wants to one day be the owner of a big business. And before you today sits a very talented and experienced businessperson who did just that. Over the past several decades, Linda has shepherded her small business from a small one-desk operation to an incredibly profitable enterprise with hundreds of employees throughout the world. And she also understands the unique challenges, as Senator Blumenthal said, facing women business owners. She co-founded the Women's Leadership LIVE organization that helps equip women to become successful business leaders. Her work there assures me that she is going to build on the significant momentum of her predecessor in the Obama administration.

The Federal Government has just recently surpassed its 5-percent contracting goal for women-owned small businesses for the first time in history, and I have confidence that Linda McMahon is going to further empower women to create and foster thriving businesses with the help of partner organizations like the Women's Business Development Council, which has had success in Connecticut mentoring and nurturing women-owned small businesses.

Listen, I saw firsthand the fight that Linda brings to any endeavor that she takes on, and I am sure we will have disagreements, but I will never question whether she has the experience and the determination necessary to lead this great agency. And I would really urge the members of this Committee to support her nomination. I am very pleased to join with Senator Blumenthal to introduce her to you today.

Chairman RISCH. Well, Senator Murphy, thank you so much. Senator Blumenthal and Senator Murphy, we will advise the Guinness World Book of Records about this event and get it duly noted. You are certainly welcome to stay, but knowing that we are all drinking out of a fire hose these days, you certainly can be excused. And I am sure you will see this when you need to see it. So thanks so much. Thank you for coming.

Senator BLUMENTHAL. Thank you, Mr. Chairman. Thanks for this opportunity.

**OPENING STATEMENT OF HON. JAMES E. RISCH, CHAIRMAN,
AND A U.S. SENATOR FROM IDAHO**

Chairman RISCH. Thank you.

Linda, so you know where we are headed here and for everyone else, I am going to make a very brief opening statement. I am going to yield to Senator Shaheen to do likewise. And at that point, we will administer the oath, which is required. And by Committee rules, I will do that. And then the floor will be yours to make an opening statement, and then as you can see, you have a list of people with deep, probing questions who will then take turns at you from each side.

In any event, first of all, thank you for coming to meet with me and spending the time that you did, and thank you for being will-

ing to take on this important appointment. The Small Business Administration is not a large Federal agency as Federal agencies go, but to a businessperson, a small businessperson, it can be one of the most important and critical endeavors that the Government undertakes.

You and I had the opportunity to talk about a couple of endeavors that the SBA does. The SBA, of course, is known for its loaning to small businesses, and you will find, I think, when you drill down, that there is a very robust fleet of lenders out there who service the small business community through the Small Business Administration. And I think you will be well satisfied with how they operate, what they do, and the work they do for small business.

Of more importance to me, actually, because that part of the operation is doing so well, are the efforts that the SBA undertakes to try to level the playing field for small businesses. When we talk with every business these days—it used to be, when I started in politics, the most hated organization of any government was the IRS. The IRS has fallen way back, and the other agencies that do the regulatory things that the Government does have really risen to the top. In my State, in our dealing, the EPA is way up there. And after that, there are others that come in behind. But if you ask any businessman today, be it a small businessman or a big businessman, but particularly small business, what is the biggest challenge that you face today? And, invariably, they will not say, well, it is access to capital, or taxes are too high, or what have you. They will tell you the regulatory structure of the Government in America today is strangling businesses. And you will find that—everybody at this table can tell stories about Government agencies coming into small businesses and causing them a great deal of difficulty.

We have an operation within the SBA called the Office of Advocacy. They are supposed to be independent. They have not been. They are supposed to stand up and complain loudly every time the Federal Government does something that affects small businesses. There is a process in place for them to actually formally do this. It has not worked very well. I am hoping as we go forward that we are going to be able to make it work better. The poster child for that was the rule that was proposed regarding Waters of the United States, and there the finding—and so the Office of Advocacy rightly complained and said, look, this is a big problem, especially for small businesses, especially for small businesses in agriculture, and others, too. And the agency said, oh, no, we are making a finding that this will not have a significant impact on businesses. You have got to be brain dead to reach that kind of a conclusion.

So, in any event, I know that you share my concern with that, and I hope we will be able to work together to try to do more for small businesses. We all know, when the Government puts out a regulation, if you are General Electric corporate, and it comes in, they hand it to an army of lawyers and compliance officers and what have you to take care of it. If this comes to a guy that is fixing lawn mowers in his garage and he gets a multi-page inquiry from the Federal Government, it becomes a big problem for him and cuts into his work dramatically.

So we will work on that as we go forward, and I look forward to hearing your thoughts on that.

And with that, I would like to yield to my distinguished colleague, Senator Shaheen.

OPENING STATEMENT OF HON. JEANNE SHAHEEN, RANKING MEMBER, AND A U.S. SENATOR FROM NEW HAMPSHIRE

Senator SHAHEEN. Thank you very much, Mr. Chairman. Thank you for holding today's hearing, and congratulations on taking over the gavel as Chairman of this Committee. We have had the opportunity to work together in the past very well.

Chairman RISCH. We have.

Senator SHAHEEN. And I look forward to working with you over this coming session to address the needs of small businesses.

I also want to recognize the new members of the Committee: Senator Duckworth on the Democratic side, and on the Republican side Senators Inhofe, Young, and Rounds. Welcome to this Committee. I think you will find that this is a Committee that works in a very strong bipartisan way to address the concerns of small businesses. So I look forward to continuing to do that.

I am also very pleased to welcome Linda McMahon, who is President Trump's nominee to head the Small Business Administration. I appreciated the opportunity to meet with you and to hear your passion for the work that small businesses do.

I got on this Committee in 2008 after I got elected to the Senate because small business is such a concern for New Hampshire. Ninety-six percent of our employers in New Hampshire are considered small businesses, and they are not just important to New Hampshire and to so many of the states represented on this Committee. But they are the engine of the economy that drives this nation. Two out of every three jobs that are created are created from small businesses. They are also leaders when it comes to innovation. They produce—and this is a statistic that is one of my favorites. They produce 14 times more patents than large businesses. I am not sure that most people appreciate the innovation that occurs in our small businesses. But, unfortunately, unlike big business, our small businesses have not yet fully recovered from the Great Recession.

For example, according to a Harvard Business School analysis, small businesses loans have dropped by 20 percent since the financial crisis while lending to large firms has increased by 4 percent. That is why SBA and its programs are so critical. Last year alone, the SBA backed more than 70,000 loans to small businesses, supporting \$29 billion in lending and nearly 700,000 jobs. The SBA also helped small businesses win more than \$90 billion in Federal contracts and provided counseling to more than a million entrepreneurs.

But, of course, there is more work to be done, and that is why you are here, Mrs. McMahon. So I know that you share those goals and values for what we need to support small business in this economy, and I look forward to hearing your statement today and your response to questions. Thank you.

Thank you, Mr. Chairman.

Chairman RISCH. Thank you, Senator.

I will warn you that—Senator Shaheen referred to the new members of this Committee. They may be new members to this Committee, but these people have been around awhile, so do not think you are going to get softball questions from them.

[Laughter.]

So, with that, I would ask you to stand and be sworn. If you would raise your right hand, please? Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. McMAHON. I do.

Chairman RISCH. Thank you very much. Now, I understand you might have some introductions of your own.

Mrs. McMAHON. Yes, I certainly do. I am very proud to introduce this morning my daughter, Stephanie, and her husband, Paul Levesque. Yes, please stand up.

Chairman RISCH. All right. Thank you. Welcome.

[Applause.]

Mrs. McMAHON. And I have wonderful friends who have traveled from around the country to be here today, so I am very appreciative of their presence as well. So thank you.

Chairman RISCH. Thank you very much. Well, at this time, the floor is yours for an opening statement.

**STATEMENT OF LINDA E. McMAHON, OF CONNECTICUT, TO BE
ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION**

Mrs. McMAHON. Thank you very much.

Thank you, Chairman Risch, Ranking Member Shaheen, and distinguished members of the Committee. I am honored to have your consideration to serve as the head of the U.S. Small Business Administration. I would like to thank Senators Blumenthal and Murphy for their kind introductions, and it was nice to be on a really even playing field today. I would also like to express my gratitude to President Trump for this opportunity to join his administration and his confidence in me.

As an entrepreneur myself, I have shared the experiences of our Nation's small business owners. We are more than our products and services. We are people. We are families. The small businesses that are the engine of our national economy are driven in part by people working to put food on the table, pay for kids' braces and swimming lessons, save for college, and prepare for their own retirement. Whether it is an organic farmer or an app developer, with one employee or a hundred, we can never forget that small businesses are people with goals and values that cannot be calculated just on a profit-and-loss statement. If I have the honor of being confirmed as the head of the SBA, I will do my best to advocate on their behalf.

My husband and I built our business from scratch. We started out sharing a desk. Over decades of hard work and strategic growth, we built it into a publicly traded global enterprise with more than 800 employees. I am proud of our success. I know every bit of the hard work that it took to create that success. I remember the early days when every month I had to decide whether I should continue to lease a typewriter or if I could finally afford to buy it.

Yes, believe it or not, that \$12 a month at that time made a difference in our budget.

Like all small business owners, I know what it is like to take a risk on an idea, manage cash flow, navigate regulations and tax laws, and create jobs. Since stepping down as CEO of WWE in 2009, I have worked to help more people have the opportunity to pursue those goals.

In my travels throughout Connecticut in 2010 and 2012, when I was campaigning, I met with more than 500 small business owners—touring their shops, restaurants, offices, factories, and sharing ideas during roundtable discussions. Job growth was a pillar of my campaign, and because small businesses are responsible for half of all private sector jobs and the majority of new jobs, they were my focus.

And for the past 2 years, I have promoted women in entrepreneurship as co-founder and CEO of a startup called Women's Leadership LIVE. I wanted to share my vast experience with others who are launching startups or looking to scale their businesses. Through live events and webinars, we educate entrepreneurs about things like applying for a loan and developing a business plan. We also work to build their confidence. I always say that even entrepreneurs with the best ideas sometimes need a little wind beneath their wings. Women's Leadership LIVE hopes that by sharing our stories of success and failure, our networks of contacts and resources, and our strategies for addressing challenges, we can give small business owners the confidence that will help propel them forward.

Small business owners do not just need confidence in themselves; in order to take a risk, they need confidence in the economy. Should I have the honor of being confirmed to lead the SBA, I will work to revitalize a spirit of entrepreneurship in America. Small businesses want to feel they can take a risk on an expansion or a new hire without fearing onerous new regulations or unexpected taxes, fees, and fines that will make such growth unaffordable. We want to renew optimism in our economy.

Small businesses have had some tough blows in the past decade. I know what it is like to take a hit, and I have learned it is not how you fall, but it is how you get up that truly matters. Early in my career, when we were very young, my husband and I declared bankruptcy. We invested in a company we did not understand and trusted people we should not have. When that company went under, we were left holding the bag. We worked really hard to pay off those debts until we realized we just could not. Bankruptcy was a really hard decision and a very tough time in our lives. We lost our home. My car was repossessed in our driveway. We had a young son and a baby on the way. We had no choice but to work hard and start building again so we could support our family. When our daughter Stephanie was born—a perfect little baby so full of promise and potential—I took it as an omen that things were going to be okay. We owed it to her and to our son that we would make it okay. And, fortunately, we did.

As I visited small businesses all over the country through Women's Leadership LIVE, I have seen that same resiliency over and over again. Entrepreneurs are fighters. They work hard, and when

they get knocked down by a recession or a natural disaster or simply a change in consumer demand, they turn to their creativity to make it better. But sometimes they need a helping hand. If I am honored to be confirmed, I will work to guide SBA as that helping hand in the most efficient and effective way possible.

I believe in leadership by example. As a CEO, I never expected employees to do anything I was not willing to do myself. I believe in setting expectations and holding people accountable, but trusting them to do the job for which they were hired. If confirmed, I look forward to working with the SBA staff. I am eager to learn from their experience and their expertise. I will listen, and their ideas, concerns, and recommendations will be taken seriously. I know there will be new challenges in a government setting, but I will commit myself with the same responsibility to deliver value to the taxpayers of America as I did to shareholders of my company.

Over the past 2 weeks, I have had the pleasure of meeting with many members of the Committee, and I appreciate the kind words of encouragement I have received. Thank you very much for the opportunity to speak with you today, and I would be very happy to answer your questions.

[The prepared statement of Mrs. McMahon follows:]

TESTIMONY OF LINDA MCMAHON,
NOMINEE TO BE ADMINISTRATOR,
U.S. SMALL BUSINESS ADMINISTRATION

Thank you, Chairman Risch, Ranking Member Shaheen, and members of the Committee. I'm honored to have your consideration to serve as head of the U.S. Small Business Administration. I'd like to thank Senator Blumenthal and Senator Murphy for their kind introductions. I'd also like to express my gratitude to President Trump for this opportunity to join his Administration.

As an entrepreneur myself, I have shared the experiences of our nation's small business owners. We are more than our products and services. We are people. We are families. The small businesses that are the engine of our national economy are driven in part by people working to put food on the table, pay for kids' braces and swimming lessons, save for college and prepare for their own retirement. Whether it's an organic farmer or an app developer, with one employee or a hundred, we can never forget that small businesses are people with goals and values that cannot be calculated just on a profit-and-loss statement. If I have the honor of being confirmed as the head of the SBA, I will do my best to advocate on their behalf.

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decades of hard work and strategic growth, we built it into a publicly traded global enterprise with more than 800 employees. I am proud of our success – I know every bit of the hard work it took to create that success. I remember the early days when every month I had to decide whether I should continue to lease a typewriter or if I could finally afford to buy it. Yes, that \$12 a month really made a difference in our budget.

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Over the past two weeks I have had the pleasure of meeting with many members of the Committee, and I appreciate the kind words of encouragement I have received. Thank you for the opportunity to speak with you today. I am happy to take your questions.

Chairman RISCH. Thank you very much. We appreciate that.

The way we are going to do this is we are going to use what they call the early bird method or first-come/first-served method. We are going to go back and forth between Republicans and Democrats. I will go first, but I am going to reserve my time to interject as I see appropriate as we go down the pike. And, with that, I will yield the floor to my friend Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman, and thank you for your statement, Mrs. McMahon. I know we discussed this issue when you came to visit me, but I think it is important to give you an opportunity to address it in the Committee because you have been quoted as saying that you supported merging the SBA into the Department of Commerce. That proposal has been a major concern for businesses in my home State who believe their voice in Washington is already not loud enough. And so I wonder if you could clarify your position and whether you believe SBA should continue as a stand-alone agency or whether you think it should be merged into another agency.

Mrs. MCMAHON. Thank you very much, Ranking Member Shaheen, for the question and the opportunity to clarify. When I was running for the Senate in Connecticut, I was a strong advocate for reducing duplicative programs, and as part of my campaign, I talked about the list every year that the GAO puts out of duplicative programs.

During that time, President Obama had indicated that he was looking to merging some of the agencies. When I was asked if I supported merging SBA into Commerce, I really was not focused on SBA or Commerce; I was focused on the concept of merging agencies or reducing duplicative programs so that we could reduce those costs.

I am a firm believer that SBA needs to be a stand-alone agency. I am very proud that President Trump has kept it as a Cabinet post, and I intend to serve my full term and execute as well as I can to advocate on behalf of small businesses.

Senator SHAHEEN. Well, thank you very much for clarifying that. In New Hampshire, SBA has made significant progress over the past 4 years, and we have seen growth in both lending and government contracting. And to some extent, this has been because of the work of so many of SBA's resource partners, such as the Small Business Development Centers, the Women's Business Center, SCORE, volunteer mentors, Veterans Business Outreach Centers, and district offices. And I think these partners are really critical to the mission of SBA and helping small businesses.

So as Administrator, how would you identify opportunities to maximize SBA's resource partners and provide adequate funding for their staffing and programs?

Mrs. MCMAHON. Well, first of all, I look forward to going to our different districts and our different regions and meeting with those SBA members, A, the leaders and the managers in those offices to hear about what programs are working, what programs are not. I do not have a working knowledge today of how successful those programs have been except to know that, from you, you have seen that success, and many of the other members that I have talked to. So I would want to continue to encourage our outreach.

My former company, WWE, we were always concerned about veterans and the returning veterans and how to have jobs, and WWE is part of Hire a Veteran program, so that veteran aspect of helping them create jobs.

As I have already stated, I have been very forthcoming in wanting women entrepreneurship to grow and continue to support that. It is very near and dear to my heart. So I will continue that outreach with all of our different organizations and continue to mentor through the Women's Centers as well.

Senator SHAHEEN. Thank you. I am pleased to hear that, and I know the resource partners in New Hampshire and across the country will be very pleased to hear that as well.

As we discussed in our meeting, one of the most important ways SBA can help small businesses is by making sure they have access to Federal contracting, and Senator Murphy mentioned in his introduction that we saw for the first time last year that women small business owners had reached 5 percent in terms of access to Federal contracts, so it is a milestone, but a very slow start to what we need to do more of.

And so I wonder if you could talk about how you plan to work with Federal agencies to increase small business opportunities for Federal contracts.

Mrs. MCMAHON. I would first like to fully understand, you know, what those projects are and how we can best fit the businesses to those contracts. You know, I think that in terms of the prime contracts and the subcontracts, we need to make sure that we have got that adequate representation for that growth. So I would want to make sure that our businesses have the right outreach, the right advocates in those markets, and that is what I would focus on, is trying to make sure we have those right advocates.

Senator SHAHEEN. Thank you. My time is up, but I just wanted to make a point, Mr. Chairman, of announcing that I am going to enter a question into the record on behalf of Congresswoman Nydia Velázquez, who is the Ranking Member of the House Small Business Committee, and it relates to the ongoing situation in Puerto Rico. It is something, again, that you and I discussed when we met, Mrs. McMahon. So I will be submitting that for the record.

Chairman RISCH. Thank you very much.

Senator Paul.

Senator PAUL. Congratulations and welcome.

Mrs. MCMAHON. Thank you.

Senator PAUL. I think the Chairman put it very well when he said that small businesses are worried about regulation. The cost of regulation is a big deal to small businesses, particularly when you just imagine, you know, if you have a thousand banks or you have one bank, your compliance cost is much greater, obviously, if you have one bank than if you can spread it through a thousand banks or 10,000 employees. This goes on across America.

In addition, we have another problem. We actually have big businesses that come to Washington and actually are in favor of regulation because they see it as an impediment to smaller competition. So I think small business does need a voice, and I hope you will be a good voice for small business.

I guess what I would like to ask is: In your opinion, do you think we are overregulated? Underregulated? Do you think regulations are a problem? Do you have any ideas about how the Small Business Administration might be run to help with the regulatory burden?

Mrs. McMAHON. Thank you very much, Senator, for your question. What I heard constantly when I was campaigning through the State of Connecticut from small businesses was the overregulation environment which is costing them time, effort, and money that they could not focus on their business. I think we forget sometimes that in small businesses, especially mom-and-pop companies that are starting up—and I have a special place in my heart for them—that, you know, they are the chief cook and bottle washer. You know, they are the CEO, the CFO, they are the janitor. They are every other thing. So when they get a packet of regulation forms that they have to fill out in order to comply with regulations, A, they do not know what to do with it; B, they cannot afford to hire lawyers to get them through the regulatory environment. So either they become more at fault and not in compliance, or they have taken time away from their business to do it.

And so it is really difficult for small businesses to have to suffer under, I think, that kind of burden of the regulatory environment.

Senator PAUL. One of the other burdens or costs of small business is taxes, and I probably would not discount it from regulations. I would probably say it is about equal. You know, a lot of small businesses pass through their income LLCs as individual income, so a moderately successful small business might be paying 39.6, you know, income tax, but then in addition you have got an ObamaCare tax, so you are like 43, 44, before you—God forbid you live in the Northeast and have a 12-percent state income tax on top of that. So I think there is a great burden. You will not get to necessarily address tax policy directly unless there are ways you can as the Small Business Administration. But you also will be a voice in the Cabinet, and I would just like to hear your thoughts on, I guess, in general the same question. Are we overtaxed or undertaxed? Is our tax structure currently an impediment to the formation of small businesses?

Mrs. McMAHON. Well, thank you, and having first started out as a Sub. S Corp., and then Women's Leadership LIVE that I started as an LLC, I fully understand how the pass-through aspect of that income works. And I do think that if we are involved in tax reform, we do need to consider how to also make it a level playing field for those pass-through companies. So I would be a strong advocate for that.

Senator PAUL. Thank you. Good luck.

Mrs. McMAHON. Thank you.

Chairman RISCH. Thank you very much, Senator.

Senator Cardin.

Senator CARDIN. Mrs. McMahon, first of all, thank you very much for being willing to serve in this public position. And we also thank your family because this will be a family sacrifice. If you think you have traveled before, this is a big country, so we thank you for your willingness to serve.

Mrs. McMAHON. Thank you.

Senator CARDIN. You have already heard the numbers. I could go over the half a million small businesses in Maryland, over a million jobs. But I will focus a little bit on the individual companies that I have visited where I see a small business developing a way to deal with diagnosing student athletes on head injuries, or I see new drugs being developed along the I-270 corridor that are going to help quality of life, or I see a small business developing a better way to help other businesses deal with their administrative costs. I see it in our national defense. So many of these small companies are figuring out better weapons systems or ways that we can test our weapons systems for efficiency. All of that is the creativity of small business.

They all had one thing in common. They all used the services of the Small Business Administration. They used it for mentoring and developing a business plan because at times it is difficult to know exactly what a bank needs in order to be able to get a loan. They used the services of SBA for capital because that is very challenging for small businesses to get particularly venture capital to be able to take those risks. They used the Small Business Administration as an advocate to make sure that they got fair government procurement, and particularly in this region, government procurement is a very important part of opportunities for small business.

So as you and I talked in the office—and I thank you very much for our personal visit—we need an advocate as the Small Business Administrator in that dealing with other agencies. We talked about the procurement issues. We talked about the 5 percent for the women. There is also a set-aside for small businesses. We have minority businesses, veteran-owned businesses. One thing is in common. When an agency, a big agency, is doing their procurement, they at times like as few contractors as possible because they have to evaluate every contract that is there, and they tend to bundle into large contracts that make it virtually impossible for small businesses to be a prime contractor. We have attempted to pass anti-bundling legislation so that that is not done.

Can you just share with me how you intend to advocate on behalf of small businesses, particularly among the other government agencies, to make sure that procurement is fair to help small businesses grow?

Mrs. MCMAHON. Thank you very much for mentioning that again because we did have a good conversation about that. I have found that, you know, the best way to obfuscate what it is you are really trying to do is to bundle things or just stack stuff on top of it. So I would really like to peel back some of that bundling and take a look at it so that we have the opportunity for our small businesses to really have that fair shot. They should not just continue to get squeezed out. And I would want to be their advocate. I would want to hear from them. I would want to find out, well, how did this happen? How can we get around this? Whom do we need to speak to? How can I advocate more strongly on your behalf? What avenues have you gone down or what other avenues do you need to go down so that we can reach in and make this more about you? And I would be working very hard to advocate for our small businesses.

Senator CARDIN. I appreciate that. I also appreciate your response in regards to what you have done for veterans, returning warriors. To me, that is an extremely important part of our commitment to help veterans and returning warriors in regards to small business.

I shared with you the initiative that was developed by the private sector in my State. The Montgomery County Chamber of Commerce instituted a Veteran Institute for Procurement. It was a national effort to bring its returning warriors to help mentor them into starting small businesses and leadership. And as a result, over 700 veteran-owned businesses have been helped by this program in Maryland. It received help from the Small Business Administration to make this a national program, and I would just urge you to look at these types of programs because they really do help the entrepreneur spirit for our returning warriors, and we must do whatever we can to help them in coming back to our country.

Mrs. MCMAHON. Thank you very much. Just one quick comment is that I serve on the board of a company called American Corporate Partners, and it is a mentoring company for returning veterans to help them make the transition between the military and the private sector. And so the outreach is to companies and corporations that then mentor these men and women who are returning and guide them and often have them come into that company and spend days with different members of the executive or whatever branch that they want to be in, and it has been very successful.

Senator CARDIN. Thank you. The last point I would make is that, in regards to access to capital, it is particularly difficult for minority businesses. I hope that we can work together to find ways that we can do more outreach to help access to capital for particularly minority businesses.

Thank you, Mr. Chairman.

Chairman RISCH. Thank you very much.

And we will go to Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman. Well, Linda, I figured if Chairman Risch can call you Linda, I can, too, and I will.

Mrs. MCMAHON. Thank you.

Senator INHOFE. And I want to tell you how much I appreciate your taking the time that you did. If you spent as much time with everyone as you did with me, you have been pretty busy. You are taking this very seriously.

Mrs. MCMAHON. Yes.

Senator INHOFE. And I particularly enjoyed our visit because I have been there. You know, we have very similar backgrounds. You were a lot bigger than I was. I did not get up to the numbers that you did, 800 employees, but I can remember spending 20 years getting beat up by the bureaucracy, so I understand a little bit about it, and I think that the office that you have has the opportunity to do so much more than it has done in the past.

We have a guy named Tom Buchanan who is the head of the Oklahoma Farm Bureau, and when I talked to him about the problems that the farmers are having, not just in my State of Oklahoma, which is a farm state, but throughout America, he said, "It

is nothing that is in the agriculture bill. It is the overregulation of the EPA." Now, those are his words, and my words, too.

And so we watched this happen. He said, "Of all the problems that we had, of all the overregulation, the one that scared us the most was WOTUS," the water bill. And as you know, there are a lot of people, a lot of liberals, who would prefer to take that jurisdiction away from the states and give it to the Federal Government. And there was quite an effort there.

Now, I bring that up as an example, because you have, as you and I discussed, in your department that you are going to be responsible for the Office of Advocacy. Now, the Office of Advocacy is where—it is an independent office, and its purpose is to advocate on behalf of small businesses to other agencies and weigh in on their rulemaking. And during the last administration, the office has been pretty much ignored. And so you are going to have to start from a zero base. Have you given a lot of thought to how you are going to have this Office of Advocacy there and available for people who it was designed for originally?

Mrs. MCMAHON. Thank you very much. Well, if I have the privilege of being confirmed, I would really like to strengthen that office, because I have always been a defender of the little guy, and we need someone who is going to go to bat for our small businesses. And I am just the girl to do that.

Senator INHOFE. And why do you think it was not done before? Why do you think it was not done during the last administration? We had many—you know, I have 300,000 small businesses in my State of Oklahoma. I did not hear from all of them, but almost all of them, on the problem. So how are you going to revive that?

Mrs. MCMAHON. I think I have to first find out why it did not work. I have heard that comment from more than one, that the Office of Advocacy really needs to be strengthened and to be able to have some teeth when it goes to the other agencies to say, you know, you are not complying, and why are you not complying. And as of right now, those teeth are not there. And I need to find out why, and I do not know why. But I will get back to you, and I look forward to working with you on that.

Senator INHOFE. Well, that is good, and I would assume that the number of people who are working, there are a lot of people who have not been as responsible and responsive to small businesses, and you will have a chance to determine who they are and, if necessary, make changes. I would assume that would be an accurate statement.

Mrs. MCMAHON. Thank you very much.

Senator INHOFE. All right. They have within there the Small Business Innovation Research program that provides funding for the small businesses to develop and commercialize new, innovative technologies, and companies receiving the SBIR funding stand a much better chance of bringing their ideas to market than those not receiving the funding. In recent years, many rural states, including Oklahoma, have underperformed in this funding.

Can you tell me what changes the SBA can make to improve this?

Mrs. MCMAHON. Well, again, thank you. It is a little bit difficult to say exactly what you are going to do when you do not really un-

derstand what has been done here to date. I do understand SBIR has been so helpful with the research and development aspect and providing that kind of research for startups, and I would like to understand what those startups need, how we can continue with SBIR funding.

Senator INHOFE. Have you been able to get the benefits of SBIR and what they are doing in your company? Or do you know people personally who have?

Mrs. MCMAHON. I do not.

Senator INHOFE. I see. Okay. Well, I look forward to working with you.

Mrs. MCMAHON. Thank you.

Chairman RISCH. Thank you, Senator.

Senator Heitkamp.

Senator HEITKAMP. Thank you, Mr. Chairman, and thank you for attending our Committee hearing last week on the Subcommittee on Regulatory Affairs and Federal Management. It was all about small business and all about the small business advocacy role that SBA should be playing that we were disappointed that may not have been as aggressive as what they should have been in the last several years, and I look forward to continuing to work with Senator Inhofe on a legislative solution to a lot of our problems.

Chairman RISCH. I noticed when I left that Subcommittee, no one's hair was on fire, so—

Senator HEITKAMP. No. Mr. Chairman, it was a great discussion, and we welcome you at any point, Linda, to our Subcommittee. I think it is a great place for gathering, for talking about the cross section between small business interests and regulatory reform.

I wish just for a minute that you had been able to turn around when you were speaking about the challenges you had and had seen the pride and affection in your daughter's face. It was quite lovely. It is clear you have a great relationship, and my mother's heart just got a little warmed by that affection. And I think it is what so many small businesses are about. They are about families. And they are about working together and learning how to overcome struggles.

But I want to talk about two groups of entrepreneurs that I think are looking for a different level of engagement and involvement—we have talked a lot about programs—and the first is young entrepreneurs and the second are native entrepreneurs. And thank you so much for coming to my office. We had a great discussion. But I am concerned that young entrepreneurs frequently may be able to write the best app or write the best program, but they somehow do not know how to translate that into business.

I personally believe that we are experiencing a computer failure in financial literacy in America. That is finding its way into the business community. And I am interested in your thoughts, and I am going to just throw in the native piece, and then you can have the rest of my time.

Native Americans have experienced a lot of economic challenges, really from the initial engagement in this country. The challenges that SBA has in Indian country are exacerbated by the challenges we have with jurisdiction and the challenges that we have with making sure that there is a commercial code that people can rely

on. And so I think I am interested in how you can work with both these groups of entrepreneurs to engage a future for small business in America, especially in Indian country, but among young entrepreneurs.

Mrs. MCMAHON. Obviously, I have more experience with young entrepreneurs than I do in Indian country, and I would look forward to working with you in understanding more of the situations that are in your state relative to how the Small Business Administration can be beneficial to our Indian small business developers. So I look forward to that, so thank you.

Young entrepreneurs, I have found, are great with ideas. Some of them have a great business savvy. Some of them have no clue what to do. They are in their garage or they are in their dorm room, or wherever it is they are, they have developed this unbelievable app, they have got all kinds of stuff and all, suddenly, boy, if somebody is going to buy me and I am going to be a millionaire. But it does not always work that way. And I think there is a discipline that needs to be shown more to our young entrepreneurs. I sit on the Board of Trustees of Sacred Heart University in Connecticut, and one of the things we do is incubate small business development there, and as we strive to sort of walk these young entrepreneurs through the steps of business, but they are actually creating businesses. They have developed T-shirts and hats with logos, understanding intellectual property, and all of that and how that is managed, so that whole educational process is like, "Wow, this is how it works." But they are making a success of it, and they are running successful businesses. And we need to continue that, not just in our universities, but I have kids, you know, in high school, they do not know how to balance a checkbook, and, you know, it is like, really, we need to have that fundamental understanding, I think, of basics of economics as we move forward to develop this next generation of our young business people.

Senator HEITKAMP. I do not think there is any dispute here that we need to grow the financial literacy in order for people to be successful. I saw it when I was tax commissioner. People with great ideas, great ability, did not know how to file even the simplest of tax forms, and so—not that we should not have fewer tax forms, but there is going to be a need for some tax forms to be filed, and so I look forward to continuing our discussion, especially about the challenges of Native Americans and entrepreneurship.

Mrs. MCMAHON. Thank you very much.

Chairman RISCH. Thank you, Senator Heitkamp.

Senator Ernst.

Senator ERNST. Thank you, Mr. Chair, and thank you, Mrs. McMahon, for being here today. And I appreciate the time you took to sit down with me and many other members of this Committee. And I want to say a special thank you as well to Senators Blumenthal and Murphy for being here today, because I think so many times we get caught up in partisanship that we forget that there are many issues that we are very, very passionate about that share a bipartisan nature. So I want to thank them as well for being here to support you today, and I know that many members of this Committee love to work on things together, especially when

it comes to regulatory reform, tax reform, and others. So I want to thank them for that.

Now, we sat down in my office and talked about a number of issues, and one of the issues that I brought up as we sat down was a project that I have been working on over the last year, and it is legislation that gives small businesses a stronger voice in the regulatory process, and it is called the "Prove It Act." And the legislation did pass out of this Committee last year, and we worked really hard with the folks at SBA in the Obama administration to get their input and feedback, because the goal is to make sure that the bill is bipartisan and that it is a success.

So we did talk about it, and the purpose of the Prove It Act is to strengthen the voice of small business owners and provide incentives to agencies to improve the quality of their certifications and analysis when they are actually writing a rule. And, simply put, the Prove It Act says if there is a battle of analysis between different agencies on the economic impacts of a rule, then there should be a third party that will step in, review the facts, and then issue an objective assessment. And as you know, the Small Business Office of Advocacy testified in front of this Committee last year because they were in disagreement about the analysis that EPA and the Corps, the Corps of Engineers, had completed on the WOTUS rule and believed that the rule would have significant economic impact on small business.

And as well, with this Prove It Act, there were a number of organizations that supported it. The NFIB, the Chamber, and the Women Impacting Public Policy, all of those organizations supported it.

Can I get a commitment from you to work with me on this legislation and help implement it, especially given the desire by our President to make sure that we are reducing regulatory reform, especially on small businesses?

Mrs. MCMAHON. Senator Ernst, thank you very much, and I did enjoy our meeting. And when you talked to me about this legislation, I thought, "Wow, isn't that just a really common-sense thing?" And I think we just need more common sense in government. If you have got two sides and cannot agree, you have a referee; you have a third party that comes in. And I liked also what you were telling me about the bill, which is that it actually would make the agencies work together before it had to become like a public event and help with drafting the legislation. So I think that it is a very good piece of legislation that I would like to learn more about and would look forward to working with you to make sure that we can support our small businesses.

Senator ERNST. Great. Thank you. I appreciate that so much.

Then on a related topic, too, what are your goals just in the first few months, should you be confirmed? What are your goals in the first few months at the SBA?

Mrs. MCMAHON. There are so many things to look at, and, obviously, we want to be mentors to our entrepreneurs. We want to grow and create jobs. But if I had to walk in the first day and someone were to say to me, "You know, what is the first thing you really want to look at today?" I would say I want to take a look

at our disaster relief program, because disasters do not pick a time. They happen. And we need to be prepared for those disasters.

I do not know how effective they have been. I know that when Sandy hit a few years ago, Hurricane Sandy, you know, the devastation up the East Coast and in my State of Connecticut and New Jersey—and I am sure Senator Booker can speak to that—there was a delay in time of response from SBA. I do not know if that is because it was a massive storm, it went so far, resources were not there. But we need to get ready for that. Just two nights ago, tornadoes in Georgia that killed 19 people. So we have to be ready for disaster relief.

When our small businesses are put out of business for a while, you know, the economy suffers because they are out of business. We need to get those funds to them if they are out of their homes, to make those direct loans to them and their homes so they can get back and functioning and be families. So that is a real passion that I think we really need to take a strong look at.

Senator ERNST. That is really great. Iowa is not immune to those natural disasters, and in Iowa, 97 percent of our jobs come from small businesses. So thank you very much, Mrs. McMahon.

Thank you, Mr. Chairman.

Mrs. MCMAHON. Thank you. Thank you, Senator.

Chairman RISCH. Thank you, Senator Ernst.

Senator DUCKWORTH.

Senator DUCKWORTH. Thank you, Mr. Chairman. And, Mrs. McMahon, thank you so much for spending so much time with me yesterday, and I appreciated your candor and willingness to address my concerns that have to do with WWE's use of 1099 employees, especially as it pertains to the health of your performers. You are going to head SBA and promote small businesses, and I do not want that to become the standard that small businesses use 1099 employees to avoid paying and providing the health benefits and the protections for small businesses employees just like anyone else. Also, I appreciated you addressing my concerns about potential monopolistic practices at WWE. So thank you.

You know, Congress created the SBA to achieve two goals: to help American small businesses and to make sure these firms win a fair amount of government contracts. I want to focus on that second goal.

As a Member of Congress committed to making government work better, I am concerned that our Federal procurement system is not meeting the needs of American small businesses. And in Illinois, 98 percent of our businesses are small businesses, and they employ 46 percent of the people living in Illinois. So they are a significant portion of our economy.

I often hear from Illinois small businesses who are frustrated by jargon-filled, clunky, and complex Federal websites, things like FedBizOpps and SAM.gov; they are very confusing online tools. And these tools may be fine for large corporations who have teams of accountants and lawyers to weed through them and figure out what they mean, but you and I talked a little bit about how a CEO at the very beginning—you also—has to be the chief cook and bottle washer and janitor of the enterprise. I think these Federal tools

are failing small businesses who want to do business with the government but just do not know where to start.

Simply put, the Federal Government is falling short in tapping the full potential of the millions of American small businesses who are ready to help agencies achieve their mission with the innovative products and services that they can provide.

So, if confirmed, will you commit to working with me to streamline and modernize these vital online Federal contracting tools?

Mrs. MCMAHON. Thank you very much, Senator. Well, as someone who herself is technologically challenged, I can certainly understand the frustration of many small business owners who are trying to break through the morass of looking at confusing websites. I think it is very important that we make our tools the simplest and most direct way they can be so that they are easy to use. If you just make things too complicated, there are many who will give up before they can even try to get through, and they do not have the resources to have it explained.

So I would look forward to working with you, if I am confirmed, so that we could sort through this and say, okay, let us bring someone else in, let us hear from these people, what is it they really need so that when those websites get developed and refined, they actually do become a very useful tool.

Senator DUCKWORTH. Thank you. And once companies have used those tools to try to get some of these contracts of the government, will you commit also to working with me to improve the small business prime contracting and subcontracting goals for each agency? We spoke a little bit yesterday about this, that small businesses have a hard time competing for some of these goals, the veteran-owned businesses and women-owned businesses. I spoke a little bit about the frustrations at the VA, for example, a major bureaucracy. I am hoping that you will focus on working with me to improve those goals across the Federal Government and to hold agencies accountable for providing minority-owned, women-owned, and veteran-owned small businesses with a real fair portion of the Federal contracts.

Mrs. MCMAHON. I am very happy that we have gotten to 5 percent. I would like to see that go up. So, yes, I would look very forward, should I be honored to be confirmed, to working with you and all the members of the Committee. And I have been invited to several of your states to come and visit with the SBA offices, and I really look forward to that. As a matter of fact, I would be very happy to sign right up to visit many of the states that are here. Thank you.

Senator DUCKWORTH. I will not make you come to Chicago in the winter.

[Laughter.]

And just finally, I want to address the prospect of the President's potential \$1 trillion infrastructure program, which he spoke about on the campaign trail as a candidate. He seemed to be recommitting himself to a significant, much-needed investment in our infrastructure across this country. Again, this goes back to making sure that small businesses have a shot at those contracts because small businesses are operating in our home towns all across the country.

They are not just clustered in large cities, and they can really bring jobs and development to the local area.

So I hope that you will commit to working with me to make sure that special attention is paid to providing small businesses with a fair opportunity to compete for work, particularly disadvantaged small businesses enterprise, when it comes to that infrastructure program.

Mrs. MCMAHON. I would look very forward to doing that, and I faced some of those same issues when I ran for the Senate in Connecticut, that small business often talked about they were shuttled over and they did not get their fair share. So I would look very forward to doing that.

Senator DUCKWORTH. Thank you so much.

Mrs. MCMAHON. Thank you.

Senator DUCKWORTH. I yield back, Mr. Chairman.

Chairman RISCH. Thank you, Senator Duckworth.

Senator Rounds.

Senator ROUNDS. Thank you, Mr. Chairman.

Mrs. McMahon, I most certainly appreciated the time that you spent with me in my office as well, and a lot of our discussion had to do with the size of the Federal Government with regard to the amount of regulatory overreach that I personally feel has been involved, not just over the previous administration but over a series of administrations.

As you may have heard, since 2008, though, more than 25,000 new regulations have been issued for American businesses under the Obama administration. Some estimates find that the economic impact of these new regulations has reached nearly \$727 billion and requires 460 million new hours of paperwork. That is on top of compliance costs of nearly \$2 trillion for all Federal regulations, or more than 11 percent of our GDP.

The SBA's independent Office of Advocacy is, I believe, a truly important voice in standing up for small businesses against these regulations and the burdens that they would impose on small businesses. The Office of Advocacy intervenes in the regulatory process when possible, and it really helps to inform other regulators about the impacts on small businesses.

Some of the other members here have already indicated their concern with the capabilities of this particular Office of Advocacy. I would like to go specifically to what happened in the last year where the Office of Advocacy stepped in on behalf of many small businesses in the United States. In fact, many family farms and ranches that would have been impacted by the EPA's Waters of the U.S., the WOTUS, rule that Senator Inhofe and Senator Ernst have both identified earlier. As you may recall from our meeting in the office, the Small Business Administration's Office of Advocacy sent a letter, which I would like, Mr. Chairman, to submit for the record today.

[The letter follows:]



Advocacy: the voice of small business in government

October 1, 2014

The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Maj. Gen. John Peabody
Deputy Commanding General
Civil and Emergency Operations
U.S. Army Corps of Engineers
Attn: CECW-CO-R 441 G Street, NW
Washington, D.C. 20314-1000

Re: Definition of "Waters of the United States" Under the Clean Water Act¹

Dear Administrator McCarthy and Major General Peabody:

The Office of Advocacy of the U.S. Small Business Administration (Advocacy) submits these comments regarding the proposed rule to the U.S. Army Corps of Engineers (the Corps) and the Environmental Protection Agency (EPA, and together, "the agencies"). Advocacy believes that EPA and the Corps have improperly certified the proposed rule under the Regulatory Flexibility Act (RFA) because it would have direct, significant effects on small businesses. Advocacy recommends that the agencies withdraw the rule and that the EPA conduct a Small Business Advocacy Review panel before proceeding any further with this rulemaking.

The Office of Advocacy and the Regulatory Flexibility Act

Advocacy was established pursuant to Pub. L. 94-305 to represent the views of small entities before federal agencies and Congress. Advocacy is an independent office within SBA, so our views do not necessarily reflect those of SBA or the Administration. The RFA, as amended by the Small Business Regulatory Enforcement Fairness Act (SBREFA),² requires small entities to be considered in the federal rulemaking process. The RFA requires federal agencies to consider the impact of their proposed rules on small businesses. When a rule is expected to have a significant economic impact on a substantial number of small entities, agencies must evaluate the impact, consider less

¹ Definition of Waters of the United States Under the Clean Water Act, 79 *Fed. Reg.* 22188 (April 21, 2014).

² Pub. L. 104-121, Title II, 110 Stat. 857 (1996) (codified in various sections of 5 U.S.C. §601 et seq.).

burdensome alternatives, and in the case of EPA, convene a Small Business Advocacy Review panel.³ The RFA directs Advocacy to monitor agency compliance with the RFA. To this end, Advocacy may file written comments reflecting small business concerns about the impact of a rulemaking.⁴ Because of small business concerns with the proposed rule, Advocacy held a roundtable on July 21, 2014 and has heard from numerous small entities in many industries.

Background

The Clean Water Act (CWA) was enacted in 1972 to “restore and maintain the chemical, physical and biological integrity of the Nation’s waters.”⁵ The CWA accomplishes this by eliminating the “discharge of pollutants into the navigable waters.”⁶ The CWA defines “navigable waters” as “the waters of the United States, including the territorial seas.”⁷ Existing regulations currently define “waters of the United States” as traditional navigable waters, interstate waters, all other waters that could affect interstate or foreign commerce, impoundments of waters of the United States, tributaries, the territorial seas, and adjacent wetlands.⁸

The CWA requires a permit in order to discharge pollutants, dredged, or fill materials into any body of water deemed to be a “water of the United States.”⁹ The EPA generally administers these permits, but EPA and the Corps jointly administer and enforce certain permit programs under the Act.¹⁰

The extent of the Act’s jurisdiction has been the subject of much litigation and regulatory action, including three Supreme Court decisions. Actions of the Court have expanded and contracted the definition, especially regarding wetlands and smaller bodies of water.

- In 1985, the Supreme Court determined that adjacent wetlands may be included in the regulatory definition of “waters of the United States.”¹¹
- In 2001, the Court held that migratory birds’ use of isolated “nonnavigable” intrastate ponds was not sufficient cause to extend federal jurisdiction under the CWA.¹²
- In 2006, the Supreme Court considered whether wetlands near ditches or man-made drains that eventually empty into traditional navigable waters were

³ 5 U.S.C. § 603, 605.

⁴ The Small Business Jobs Act of 2010 (Pub. L. 111-240 § 1601) also requires agencies to give every appropriate consideration to Advocacy’s written comments on a proposed rule. This response must be included in an explanation or discussion accompanying the final rule’s publication in the *Federal Register* unless the agency certifies that the public interest is not served by doing so.

⁵ 33 U.S.C. § 1251(a) (1972).

⁶ Id. at § 1251(a)(1).

⁷ Id. at § 1362(7).

⁸ 33 C.F.R. § 328.3(a); 40 C.F.R. § 230.3(s).

⁹ 33 U.S.C. §§ 1311(a), 1342, 1344.

¹⁰ Id. at § 1344.

¹¹ *United States v. Riverside Bayview Homes*, 474 U.S. 121, 134-135 (1985).

¹² *Solid Waste Agency of Northern Cook County v. U.S. Army Corps of Engineers (SWANCC)*, 531 U.S. 159, 174 (2001).

considered “waters of the United States.”¹³ Justice Scalia, writing for the plurality, determined that “*only* those wetlands with a continuous surface connection to bodies that are ‘waters of the United States’ [. . .] are ‘adjacent to’ such waters and covered by the Act.”¹⁴ Justice Kennedy concurred in the judgment, but concluded that the Corps must establish the existence of a “significant nexus” when it asserted jurisdiction over wetlands adjacent to non-navigable tributaries.¹⁵

The courts have left much uncertainty regarding what constitutes a “water of the United States.” Such uncertainty has made it difficult for small entities to know which waters are subject to jurisdiction and CWA permitting.

To address this uncertainty, the EPA and Corps proposed this rule which would revise the regulatory definition of “waters of the United States” and would apply to all sections of the Clean Water Act. The proposed rule defines “waters of the United States” within the framework of the CWA as the following seven categories:

- All waters which are currently used, were used in the past, or may be susceptible to use in interstate or foreign commerce, including all waters which are subject to the ebb and flow of the tide;
- All interstate waters, including interstate wetlands;
- The territorial seas;
- All impoundments of a traditional navigable water, interstate water, the territorial seas or a tributary;
- All tributaries of a traditional navigable water, interstate water, the territorial seas or impoundment;
- All waters, including wetlands, adjacent to a traditional navigable water, interstate water, the territorial seas, impoundment or tributary; and
- On a case-specific basis, other waters, including wetlands, provided that those waters alone, or in combination with other similarly situated waters, including wetlands, located in the same region, have a significant nexus to a traditional navigable water, interstate water or the territorial seas.¹⁶

The proposed rule defines several terms for the first time: “neighboring,” “riparian area,” “floodplain,” “tributary,” and “significant nexus”; and it clarifies the terms, “adjacent” and “wetlands.”¹⁷ The rule leaves the regulatory definitions of “traditional navigable waters,” “interstate waters,” “the territorial seas,” and “impoundments” unchanged.¹⁸

Regulatory Flexibility Act Requirements

The RFA states that “[w]hen an agency is required by section 553 of this title, or any other law, to publish general notice of proposed rulemaking for any proposed rule, or

¹³ *Rapanos v. United States*, 547 U.S. 715, 729 (2006).

¹⁴ *Id.* at 742.

¹⁵ *Id.* at 779 (Kennedy, J., concurring).

¹⁶ 79 *Fed. Reg.* at 22,198.

¹⁷ See *Id.* at 22,263, for the complete definitions of “adjacent,” “neighboring,” “riparian area,” “floodplain,” “tributary,” “wetlands,” and “significant nexus.”

¹⁸ *Id.*

publishes a notice of proposed rulemaking for an interpretative rule involving the internal revenue laws of the United States, the agency shall prepare and make available for public comment an initial regulatory flexibility analysis [IRFA]. Such analysis shall describe the impact of the proposed rule on small entities.”¹⁹

Under Section 609(b) of the RFA, EPA is required to conduct small business advocacy review panels, often referred to as SBREFA panels, when it is unable to certify that a rule will not have a significant economic impact on a substantial number of small businesses. SBREFA panels consist of representatives of the rulemaking agency, the Office of Management and Budget’s Office of Information and Regulatory Affairs (OIRA), and the Chief Counsel for Advocacy. SBREFA panels give small entity representatives (SERs) a chance to understand an upcoming proposed rule and provide meaningful input to help the agency comply with the RFA. SERs help the panel understand the ramifications of the proposed rule and significant alternatives to it.

Section 605(b) of the RFA allows an agency to certify that a rule will not have a significant economic impact on a substantial number of small entities in lieu of preparing an IRFA.²⁰ When certifying, the agency must provide a factual basis for the certification.²¹ In the current case, the agencies have certified that revising the definition of “waters of the United States” will not have a significant economic impact on a substantial number of small businesses.

The Proposed Rule Has Been Certified in Error

Advocacy believes that the agencies have improperly certified this rule. Advocacy, and the small businesses we have spoken to, believe that

- The agencies used an incorrect baseline for determining their obligations under the RFA;
- The rule imposes costs directly on small businesses; and
- The rule will have a significant economic impact on small businesses.

A. The Agencies Use the Incorrect Baseline for its Regulatory Flexibility Act Certification

Advocacy believes that the agencies used the wrong baseline for their RFA certification. In certifying the rule, the agencies state that, “This proposed rule is narrower than that under the existing regulations...fewer waters will be subject to the CWA under the proposed rule than are subject to regulation under the existing regulations.”²² On this

¹⁹ 5 U.S.C. §603.

²⁰ 5 U.S.C. §605.

²¹ Id.

²² Id.

basis the agencies conclude that, “This action will not affect small entities to a greater degree than the existing regulations.”²³

The “existing regulations” that the agencies refer to in this reasoning is the 1986 rule defining the scope of waters of the United States. Compared to the 1986 definition, the proposed changes represent a narrowing of coverage. However, in the economic analysis accompanying the rule, the agencies assess the regulation vis-à-vis current practice and determine that the rule increases the CWA’s jurisdiction by approximately 3 percent.²⁴ The agencies’ certification and economic analysis contradict each other.

Advocacy believes that the proper baseline from which to assess the rule’s impact is current practice. Guidance from the Office of Management and Budget’s Office of Information and Regulatory Affairs (OIRA) substantiates this view. OIRA’s Circular A-4 provides guidance to federal agencies on the development of regulatory analysis.²⁵ It states that “The baseline should be the best assessment of the way the world would look absent the proposed action.”²⁶ The 1986 regulation has been abrogated by several Supreme Court cases and is no longer in use.²⁷ The Corps and EPA also issued a guidance document in 2008 which sought to bring jurisdictional determinations in line with these Supreme Court cases.²⁸ The 1986 regulation does not represent the current method for determining jurisdiction and has not served that purpose for more than thirteen years. Using an obsolete baseline improperly diminishes the effects of this rule. Advocacy agrees with the agencies’ economic analysis that uses current practice as the appropriate baseline for evaluating the rule.

B. The Rule Imposes Costs Directly on Small Businesses

The second basis for the certification appears to be the agencies’ position that the impact on small businesses will be indirect, hence not requiring an initial regulatory flexibility analysis or a SBAR panel.²⁹ EPA cites *Mid-Tex Electric Cooperative, Inc., v. Federal Energy Regulatory Commission*³⁰ and *American Trucking Associations, Inc., v. EPA*³¹ in support of their certification.³² Advocacy believes that the agencies’ reliance on *Mid-Tex* and *American Trucking* is misplaced because the proposed rule will have direct effects on small businesses.

²³ Id.

²⁴ Id.

²⁵ Office of Management and Budget, *Circular A-4*, http://www.whitehouse.gov/omb/circulars_a004_a-4/#e (September 17, 2003).

²⁶ Id.

²⁷ See *Solid Waste Agency of Northern Cook County v. U.S. Army Corps of Engineers (SWANCC)*, 531 U.S. 159, 174 (2001); *Rapanos v. United States*, 547 U.S. 715, 729 (2006).

²⁸ Clean Water Act Jurisdiction Following the U.S. Supreme Court’s Decision in *Rapanos v. United States* and *Carabell v. United States*, December 2, 2008, <http://water.epa.gov/lawsregs/guidance/wetlands/CWAwaters.cfm>.

²⁹ 79 Fed. Reg. at 22,220.

³⁰ *Mid-Tex Electric Cooperative, Inc. v. Federal Energy Regulatory Commission (FERC)*, 773 F.2d 327, 342 (D.C. Cir. 1985).

³¹ *American Trucking Associations v. EPA*, 175 F.3d 1027 (D.C. Cir. 1999).

³² 79 Fed. Reg. at 22,220.

In *Mid-Tex*,³³ the Federal Energy Regulatory Commission (FERC) issued regulations instructing generating utilities how to include costs of construction work in their rates. Although the generating utilities were large businesses, their customers included small entities, to whom they may or may not have been able to pass on these costs through any rate changes.³⁴ The issue raised in this case was whether the agency had improperly certified the rule because it failed to consider the impact on the small business customers. The court concluded that an agency is required to file an IRFA only in cases where a regulation directly affects small businesses;³⁵ if it does not, an agency may properly certify.

In *Mid-Tex*, the proposed regulation's applicability to small businesses is akin to the FERC regulation's applicability to the generating utilities themselves, not their customers, as EPA seems to believe. Generating utilities were an intervening actor between the regulatory agency and the small business customers; the utilities had a substantial amount of discretion as to whether they would pass on their construction costs to their small entity customers and, if so, how much of those costs they would pass on.

Such is not the case with this rule. First, there is no intervening regulated actor. In *Mid-Tex*, the generating utilities were the entities regulated and bound by FERC guidelines, and it was not certain that they would pass on the costs of the new guidelines to their small business customers. In the current case, the Clean Water Act and the revised definition proposed in this rule directly determine permitting requirements and other obligations. It is unquestionable that small businesses will continue to seek permits under the Clean Water Act. Therefore they will be subject to the application of the proposed definition and the impacts arising from its application.

Second, the rule defines the scope of jurisdiction of the Clean Water Act without any discretion left to any entity or intermediary. The rule does not, for example, set a goal for which types or how many waters must be included in jurisdiction, leaving the Corps or states to determine the exact definition of waters of the United States in particular instances. This rule establishes the definition and all small entities are bound by it.

In *American Trucking*,³⁶ the EPA's certification of rules to establish a primary national ambient air quality standard (NAAQS) for ozone was challenged. The basis of the EPA's certification was that the NAAQS regulated small entities indirectly through state implementation plans. The rules gave states broad discretion to determine how to achieve compliance with the NAAQS.³⁷ The rules *required* EPA to approve any state plan that met the standards; it could not reject a plan based upon its view of the wisdom of a state's choices.³⁸ Under these circumstances, the court concluded that EPA had properly

³³ 773 F.2d at 342.

³⁴ Id. The generating utilities were not required to pass on the rate increases and in some cases were limited by state law in how much of the rate increase could be passed on to customers.

³⁵ Id.

³⁶ 175 F.3d 1027 (D.C. Cir. 1999).

³⁷ Id.

³⁸ Id. at 1044.

certified because any impacts to small entities would flow from the individual states' actions and thus be indirect.³⁹

EPA's proposed rule is distinguishable from the regulations at issue in *American Trucking*. The states were intervening actors with broad discretion regarding how to implement the federal standards. The EPA rules only told the states what the goal was; the states were left to develop the plans that would implement those goals and thereby impose impacts on small businesses.⁴⁰ In the current case, the agencies are not defining a goal nor are they authorizing any third party to determine the means and methods for reaching the goal. To the contrary, the agencies are defining the term governing the applicability of their own CWA programs. A change in the scope of the definition of "waters of the United States" necessarily leads to an increase in the scope and impact of the CWA since the programs thereunder only apply to waters that fall within this definition. The agencies, not a third party, determine whether a given body of water is within the jurisdiction of the requirements of the Clean Water Act and therefore subject to it.

Small businesses have also provided specific examples of how this rule will directly impact them. For example, during a May hearing of the U.S. House of Representatives Committee on Small Business, Jack Field of the Lazy JF Cattle Co. testified that the rule would essentially eliminate an exemption for normal farming practices that he relies upon to do things such as building a fence to control his grazing cattle.⁴¹ The proposed rule would eliminate the exemption for farmers whose actions do not comply with Natural Resources Conservation Services standards.⁴²

Small entities in the utility industry have expressed that this proposed rule could eliminate the advantages of Nationwide Permit 12 – Utility Line Projects (NWP 12). Utility companies use NWP 12 to construct and maintain roads that provide access to the utility grid. Under NWP 12 a "single and complete" project that results in less than a ½ acre loss of waters of the U.S. is allowed to proceed under NWP 12 rather than obtain an individual CWA permit.⁴³ Currently, each crossing of a road over a water of the U.S. is treated as a "single and complete" project. The proposed rule creates large areas in which NWP 12 could no longer be used at all. Under this proposed rule waters in the same riparian area or floodplain all become adjacent waters and therefore waters of the U.S. If all of the waters in the riparian area or floodplain are treated as one interconnected water of the U.S. it would be virtually impossible for small utility companies to use NWP 12. Small utilities would need to apply for the more costly and time consuming individual

³⁹ Id. at 1045.

⁴⁰ Id. at 1044.

⁴¹ Testimony of Jack Field, Owner Lazy JF Cattle Co. at U.S. House of Representatives Committee on Small Business Hearing entitled "Will EPA's Waters of the United States Rule Drown Small Businesses?", May 29, 2014 at <http://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=373099>.

⁴² 79 Fed. Reg. at 22,194; Notice of Availability Regarding the Exemption From Permitting Under Section 404(f)(1)(A) of the Clean Water Act to Certain Agricultural Conservation Practices, 79 Fed. Reg. 22,276.

⁴³ Reissuance of Nationwide Permits, 77 Fed. Reg. 10195 (February 21, 2012).

permits. This is a direct cost imposed solely as a result of the changes to the definition of the term “waters of the United States” proposed in this rule.

These examples, as well as comments that Advocacy has received from small entities in other industries, demonstrate that the impact of the proposed rule will be direct. Therefore, the agencies are required to measure the impacts of the rule and to determine whether those impacts are significant for a substantial number of small entities.

C. The Rule Will Have a Significant Economic Impact on Small Businesses

The economic analysis clearly indicates that this rule is likely to have a significant economic effect on small businesses. In the analysis, the agencies examine the anticipated changes to permitting under CWA Section 404 (development projects that discharge dredge or fill materials into waters of the U.S.). They find that in current practice 98 percent of streams and 98.5 percent of wetlands meet the definition of waters of the U.S.;⁴⁴ under the revised definition these figures rise to 100 percent.⁴⁵ They find zero percent of “other waters” (the seventh category in the revised definition) to be covered in current practice, but the revised definition would cover 17 percent of this category.⁴⁶ The agencies evidence an understanding that this increase in jurisdiction will lead to greater costs stating, “A change in assertion of CWA jurisdiction could result in indirect costs of implementation of the CWA 404 program: a greater share of development projects would intersect with jurisdictional waters, thus requiring the sponsors of those additional projects to obtain and comply with CWA 404 permits.”⁴⁷

The agencies estimate that CWA 404 permit costs would increase between \$19.8 million and \$52.0 million dollars annually, and they estimate that section 404 mitigation costs would rise between \$59.7 million and \$113.5 million annually.⁴⁸ These amounts do not reflect additional possible cost increases associated with other Clean Water Act programs, such as Section 402 permitting or Section 311 oil spill prevention plans.⁴⁹ The agencies further state that the economic analysis done with respect to the 404 program increase is likely not representative of the changes that may occur with respect to 402 and 311 permitting,⁵⁰ leaving small businesses without a clear idea of the additional costs they are likely to incur for these Clean Water Act programs.

The economic analysis also singles out a particular class of businesses potentially affected by the revised definition, yet fails to evaluate any of these potential effects. EPA acknowledges that “a large portion of traditional 402 permit holders are located nearby large water sources to support their operations.”⁵¹ The agencies do not identify how many

⁴⁴ Economic Analysis of Proposed Revised Definition of Waters of the United States, U.S. Environmental Protection Agency and U.S. Army Corps of Engineers, 11 (March 2014).

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *Id.* at 13. Advocacy disagrees with the agencies’ assertion that this cost is indirect (see above).

⁴⁸ *Id.* at 16.

⁴⁹ *Id.* at 12.

⁵⁰ *Id.*

⁵¹ *Id.*

of these businesses may be small nor do they discuss the expected impact of this rule on them. Yet this proposed rule would directly affect those small businesses that may be located next to large water sources and which fall within the 3 percent of waters that will be newly included in the definition "waters of the U.S."

Concerns raised by small businesses as well as the agencies' own economic analysis both indicate that small businesses will see a cost increase as a result of the revised definition. The EPA and the Corps have obligations under OMB guidance, and the RFA to measure and communicate this increase. Their certification of no small business impact is inappropriate in light of this information. Because of this probable small business impact, the RFA requires the agencies to complete an IRFA and a SBAR panel.

Conclusion

Advocacy and small businesses are extremely concerned about the rule as proposed. The rule will have a direct and potentially costly impact on small businesses. The limited economic analysis which the agencies submitted with the rule provides ample evidence of a potentially significant economic impact. Advocacy advises the agencies to withdraw the rule and conduct a SBAR panel prior to promulgating any further rule on this issue.

If we can be of any further assistance, please contact Kia Dennis, Assistant Chief Counsel, at (202) 205-6936.

Thank you for your attention to this matter.

Sincerely,
/s/ Winslow Sargeant, Ph.D.
Chief Counsel for Advocacy

/s/ Kia Dennis
Assistant Chief Counsel

/s/ Stephanie Fekete
Legal Fellow

They sent this letter on October 1, 2014, to the EPA's Administrator, Gina McCarthy, and Major General John Peabody of the U.S. Army Corps of Engineers criticizing the WOTUS rule and its impact on small business. And, in fact, they actually recommended that the entire rule be withdrawn.

Now, that was apparently ignored. The rule continued forward. I would like to know, if you are confirmed as the Administrator of the SBA, would you be willing to write a similar letter recommending that this rule be withdrawn once again and reminding our new Administrator of the EPA of the damage that it has done to small businesses, farmers, and ranchers alike?

Mrs. MCMAHON. Thank you very much, Senator, for that question. I would look very forward to working with you and the other Senators that—Senator Ernst and others who have brought up especially the issue of WOTUS. In fact, I think it was Senator Ernst, when I met with her, who told me that if a small business in her State wanted to expand, it would have to get approval from the Federal Government in order to do that. I clearly think that is overreach, and I would look forward to working with you and other members of the Committee to make sure that we have the right regulations in place and not overburdensome ones.

Senator ROUNDS. Just to put it a little bit more directly, would you consider, if necessary, if WOTUS is not withdrawn, would you consider reissuing that letter once again through the office, similar to the way that it was done last time, but this time addressing it to the new Director or the new Administrator of the Environmental Protection Agency under the new administration?

Mrs. MCMAHON. I would like to find the most effective way to put teeth in that Office of Advocacy, and if that is one of the ways to do that, I would like to work with you to see if we could make that happen.

Senator ROUNDS. So I can take that as an “almost yes”?

Mrs. MCMAHON. I am looking forward to working with you on that.

[Laughter.]

Senator ROUNDS. All right. Let me move on. Mrs. McMahon, under the Obama administration, fees were waived for a number of qualifying 7(a) loans, including the up-front one-time loan guarantee fees and ongoing servicing fees for 7(a) loans of \$150,000 or less for fiscal years 2014, 2015, and 2016.

If you are confirmed as the Administrator, would you consider looking at the continuation of these waivers?

Mrs. MCMAHON. I would like to make sure that we are making it as easy as possible to get these loans and to help our small businesses. And I would like to take a really strong look at: What did we accomplish by that? How long was it in effect? Did we get real feedback from small businesses that this was beneficial? So when I have those answers, I certainly would want to see what the merits of that are.

Senator ROUNDS. Very good. Thank you.

Mrs. MCMAHON. Thank you.

Senator ROUNDS. Thank you, Mr. Chairman.

Chairman RISCH. Thank you very much, Senator Rounds.

Senator HIRONO.

Senator HIRONO. Thank you, Mr. Chairman.

It is good to see you. Thank you for the time that we spent together. I first of all want to commend you for the comments that you made regarding President Trump's comments about women, and I asked you to be a strong voice for women. And should you be the confirmed Administrator, will you commit to preserving the programs and funding that exist to promote women and minority entrepreneurship and work with this Committee to improve these programs?

Mrs. MCMAHON. I definitely want to be a strong advocate for women, for our small businesses, and, yes, for our minorities in business, our veterans. I want to work with the Committee and with Members of Congress to make sure that we have the right regulations to help our businesses grow.

Senator HIRONO. I think that you have an understanding of the special challenges that are faced by women entrepreneurs, having been one yourself, and minority-owned businesses and veterans. And so those are groups that I particularly am also focused on to make sure that they have the kind of support from SBA that they should get.

We have heard a lot about access to capital. That is something that you mentioned hearing about when you were running for office. Have you identified the specific factors that lead to difficulty in accessing capital? Because unless you know what the causes are, we cannot make the appropriate changes. So since access to capital has been mentioned by you a number of times, have you identified those causes and what you would do about them as SBA Administrator?

Mrs. MCMAHON. Thank you for your question. Let me share a story with you. When I was running for the Senate in Connecticut, there was a company that was in the rural area up in the northeastern corner of Connecticut. We call it "quiet country." And it was an entrepreneur who made grips that looked kind of like springs, and they are made by hand. And in his company he had probably eight to ten; they were mostly women who were making these particular grips and springs. And he had built his business from two or three people and added people. He had gotten loans from his community bank before, bridge loans, when it was time for him to expand a bit or he was a little bit cash shy. He knew his community banker. And now he had work orders and more business coming in. He wanted to hire new workers, but in order to do that, he needed to add on to his facility.

And so he went to see his same community banker, and the banker told him, he said, "Well, the problem is you are asset rich but you are cash poor." And he said, "Well, I totally get that, because if I had the cash, I would not need to be here to get through this time."

And what his banker told him was, "In the past, I have been able to loan you this money, but today, under the new regulatory environment that we find ourselves in, you no longer qualify as you did before, and you would have to overcollateralize this loan in order for me now to make the loan to you." That meant that he had to put up all of his assets—his house and other assets—in order to collateralize a much smaller loan.

And while entrepreneurs are very happy to take managed risks, that was just simply too much. So he did not expand, and he did not grow his business. He did not hire those next people. And that is an example of a regulatory environment, I think, that does not allow our small businesses to grow.

Senator HIRONO. Well, let me note that. I have heard those comments also from small businesses in my State, and I visit with a lot of them. But some of those resulted from the financial collapse and the underregulation of the financial services industry on Wall Street. So there is usually a cause and effect. And I am with you in trying to resolve some of those issues for our small businesses, but there was a reason that the collateral rules changed, because there were all these uncollateralized loans which led to the economic collapse.

I want to make the point that we hear a lot about overregulation. When I talk with my small businesses and they say that, it is easy enough to say we are in an overregulated environment, but I always ask them, "What specific regulation is it that is causing you trouble?" Because unless we identify them appropriately, we can sit here and talk about overregulation and not really get to the heart of it.

I will give you an example. There was an orchid farmer, if I recollect correctly, and he could ship his cut flowers, but for some various reasons, he could not ship the whole flowers. And these were all clean flowers, all of that. And so we worked with, I think it was, USDA to change that.

So I would like to ask you whether—when we actually move to improve the regulatory environment, that you would ask those very specific kinds of questions so that we get to the heart of whatever the regulation is that is causing them problems as opposed to some kind of, you know, "Oh, yeah, we are overregulated." That does not take us very far, in my opinion.

Mrs. MCMAHON. Thank you for that comment, too. I do not know how you change regulations if you cannot identify them.

Senator HIRONO. Good.

Mrs. MCMAHON. Just exactly what you said. We have to know their negative and positive impact so that we can change them or enhance them. And I am committed to doing that for sure.

Senator HIRONO. Thank you. I know that my time is up, but I am really glad that you mentioned one of the first things you would do is look at disaster relief, because SBA, being on the ground when disaster strikes—and all of our states have experienced that—that is really important. I was surprised, pleasantly surprised by your response to that question.

Thank you.

Mrs. MCMAHON. Thank you.

Chairman RISCH. Thank you, Senator Hirono.

Senator Scott.

Senator SCOTT. Thank you, Mr. Chairman.

Good to see you again. Thank you for being here, and thank you for your willingness to serve.

According to the 2016 NFIB survey of problems and priorities that small business owners listed, they listed things like cost of health insurance, unreasonable regulations, Federal taxes, tax com-

plexity, economic uncertainty, and locating qualified employees as some of their top concerns.

As a business owner, I know that you can identify with many of these concerns, and if you are confirmed, how will your experience play a role when determining if the SBA could alleviate some of the concerns of small business owners?

Mrs. MCMAHON. Thank you very much, Senator. Having walked in the shoes of small business owners, I understand how difficult it is when you are in a cash flow business and not a brick-and-mortar business. It is very difficult to have access to capital and get loans when you really have no collateral against that except your own cash flow. So I know that there are a lot of startups that face those kinds of issues in getting capital. So I know how to talk to them a little bit about that. I know how to talk about their cash management, and this is what you need to do, and I advise all startup companies, once you start making a little profit and you can put it away, get a line of credit, because when you need it, you cannot get it. And I think that it is really important advice to small companies. But to manage your cash very, very carefully, because cash flow is really a great part of the success, and undercapitalization is one of the reasons that a lot of small companies fail. So having walked in those shoes, I absolutely understand that.

Senator SCOTT. Absolutely. One of the things that you mentioned, the cash flow, and certainly looking for qualified local employees, I assume that you have had some success with local qualified employees like Triple H and The Rock and other folks, but—I thought that was funny as well.

[Laughter.]

I was looking for a way to throw in my WWE, you know—

Chairman RISCH. Good job.

Senator SCOTT. I am enamored with the concept. I grew up in the South, so we went and watched NWA, now WWE, and WWF and the whole 9 yards. So that is just my plug. God bless you. He turned pretty red over there.

[Laughter.]

He does not do that on TV.

I do think that one of the challenges that small businesses face is how to align the jobs in the marketplace with the skills in the marketplace. I was a small business owner for 20 years or so, and I will tell you that attracting the right talent to the right market is a very difficult task. I think it is like 64 percent of new jobs are being created in small businesses. So the reality of it is, in places like Colorado, they will need one type of employee with a skill set that matches what is available in Colorado. In South Carolina, the number one tourist destination in the world, where you should come visit very soon, the reality of it is tourism drives a lot of our entrepreneurship. How do we align the opportunities and access to jobs with those folks looking for those jobs in that marketplace?

Mrs. MCMAHON. Thank you, and maybe a little bit different twist on that as well. I continue to say “when I was campaigning.” However, that was like a 4-year period when I really did learn a lot about what was going on in my State. And what I found out was that in many instances there were not as much a shortage of jobs as there were trained people for those jobs. And I think we

have to like refocus how we are looking at the jobs market. Sitting on the Board of Trustees at Sacred Heart, I took a look at some of the educational programs that we have and asked: Are we reaching out to our corporations and our companies that are surrounding our university to understand what kind of shifts or changes do we need to make in order to fulfill that employment stream?

And I think we are starting to be a little bit more successful in that, but we have a long ways to go. But that is one of the things that I have sort of really committed to, just even before I was asked to do this, but I would like to continue to make sure we are training our folks for the jobs that are there.

Senator SCOTT. I have just about 30 seconds left, Mr. Chairman. I will just close with a comment. I hope that as our new head of the SBA you will look for ways to create synergy within government, perhaps our technical schools on the local level—it does not matter what level of government—that you will look for ways to create that synergy that will provide really an alignment of those jobs and skills in the marketplace where those jobs are available. I think that is a great place for SBA perhaps to take a unique perspective on their mission and find ways to improve the outcome of the average person who starts in a very difficult place and finds entrepreneurship as a path forward. It would be wonderful for us to see that happen under your leadership.

Mrs. McMAHON. Thank you very much.

Senator SCOTT. Thank you, ma'am.

Chairman RISCH. Thank you, Senator Scott. The Chamber of Commerce back home will be delighted with your line of questioning.

Senator SCOTT. Thank you, sir.

Chairman RISCH. I appreciate it.

Senator Coons.

Senator COONS. Thank you, Chairman Risch, Ranking Member Shaheen. Welcome, Mrs. McMahon. I thought we had a very constructive and formative meeting last week, and I really appreciate the chance to sort of share stories of entrepreneurship and job growth. And I am thrilled to have the opportunity to continue that conversation.

It was mostly about the key role the SBA can play in helping small businesses grow great jobs and the importance of accessibility of capital, strength of IP, the value of mentoring programs like SCORE, the value of other areas of the Federal Government like the Manufacturing Extension Partnership which can help small businesses to grow.

My own home State of Delaware, which I have invited you to visit, not to be outdone by Senator Scott, we also have a great beach community which we hope you will come visit. There are a number of iconic businesses at the Delaware beaches—Grotto's Pizza and Dogfish Head—that started with SBA loans, that helped them grow—in their early stages, I should say. And so I think you will see on both sides of the aisle here a knowledge of and enthusiasm for the real impact that SBA has had in our home States, and the folks who lead SBA in Delaware have done a terrific job and worked very well with my office. And I love doing small town visits where we will go up and down the main street and see,

whether it is 7(a) or 504 or SCORE, the impact that SBA programs can have.

When we met, we talked about your knowledge of and experience with intellectual property using trademarks and licensing to protect some of the key innovations that your business engaged in. And I talked about my passion for patents and for making sure that small businesses know how to protect what they have got and what they can bring to the market.

Do you agree it is important to educate small businesses about how they can protect what they invent or innovate, whether it is through patents or trademarks or other IP? And is that something you think we could work on together?

Mrs. MCMAHON. It is something that was such a large part of WWE, and from the very beginning, we wanted to make sure at WWE when I was there—and I started the program. Sometimes you bring a little bit of knowledge, and you can be dangerous. Or you have enough knowledge to know you have to go further and ask somebody with expertise. And it was very important that as the company developed intellectual property, that we protected it, that we copyrighted the television shows or our music programs or our magazine works. It was very important that we registered trademarks, you know, in the particular classifications to protect. You have invested so much money to grow and develop that product or that intellectual property. But if you do not protect it and then someone else takes it away from you, you do not have a leg to stand on because you did not defend your own property.

So it is really important to make sure that young businesses understand the value of what they create and that they need to protect that. And you have to expend some money to do it, but in the long run, you are protecting your investment.

Senator COONS. I look forward to working with you on that. As the lead Democratic appropriator on the subcommittee that funds the SBA, we also talked about how this is an area of general broad agreement on a bipartisan basis in what is often an otherwise contentious subcommittee. And I think the fact that you are introduced positively by two gentlemen you ran against recently was a moment of agreement about the skills and the value that you bring that is worth remarking on.

In Appropriations, it is my hope that we will also work together on the 7(a) program to make sure we are finding the right balance between promoting needed loan programs while avoiding a return to subsidy.

Let me just mention two other things before my time runs out. I have had the joy of working with Senators Enzi and Roberts on extending the R&D tax credit in a way that can help innovative startups, companies that use technology and innovation in order to grow quickly. And I would be grateful for any help you could offer in our working together to inform more small businesses that are technology centered about that opportunity.

And then, last, Senator Risch and I worked together in the last Congress to advocate for the SCORE program, something that was launched in Delaware by DuPont retirees—

Mrs. MCMAHON. Yes, I remember we talked about that.

Senator COONS [continuing]. A mentoring program that helps small businesses that really need to get their first business plan together or that need someone with relevant sectoral-specific skills. So I would be interested in hearing whether you could see your way toward supporting SCORE and seeing this as a critical program for your time as SBA Administrator, if you are confirmed.

Mrs. McMAHON. Thank you very much. You know, statistics show, whether it is women-owned businesses or whatever business there is, that you are more successful with mentors because it is someone that you can talk to, who can give you advice, and especially underscore when we have had these executives who have come in and taken it upon themselves—these are very seasoned and accomplished professionals, and to be able have that as a resource I think is fantastic. I would really like to see more and more mentoring because we will have more businesses be successful.

Senator COONS. Well, it is a strikingly low-cost and high-impact Federal program. I would love to work with you on that in more detail in the future. Thank you for a chance to be with you again today, and I am grateful that you have stepped up and are willing to take on this important role in the Trump administration. Thank you.

Mrs. McMAHON. Thank you very much.

Senator COONS. Thank you, Mr. Chairman.

Chairman RISCH. Thank you, Senator Coons.

Senator Young.

Senator YOUNG. Thank you, Chairman, Ranking Member. It is so good to be with you, Mrs. McMahon, to have someone of your caliber and experience—

Senator McMAHON. Thank you.

Senator YOUNG [continuing]. Willing to put yourself forward and serve in this capacity.

One of the advantages to being lower on the proverbial totem pole here is I get to hear all the brilliant questions of my colleagues. One of the disadvantages is I have to rework my questions when those brilliant questions are ones I intended to ask, so I will attempt to ask you some things that have not yet been addressed.

But by way of background, I come from a small business family as well. My dad has grown a commercial HVAC distributorship over the years, and now my brother has taken over that business, and I understand the unique challenges, unique opportunities that are associated with small businesses. This town tends to be rigged oftentimes against the little guy or woman, as it were, on account of regulatory burdens, sometimes foisted with great deliberation by larger businesses to crowd out competition from upstarts. Our tax code is another example.

The Small Business Administration—and it has been mentioned many times here—I think has an opportunity, perhaps unrealized to its full extent, to advocate on behalf of small businesses in each of the different Federal agencies across the Federal Government through the Office of Advocacy. And you have already indicated that is going to be a real point of emphasis on your part.

The Regulatory Flexibility Act of 1980 tasks this Office of Advocacy with monitoring Federal agency compliance with the act and assisting regulatory agencies during all stages of rulemaking devel-

opment to mitigate the potential adverse impact of rules on small entities, blah, blah, blah.

So that seems like a lot of work. This is, comparatively speaking, a small department when you compare it to, say, the Department of Defense and whatnot. So I would be very interested, say 180 days into your service, to get feedback to this Committee, to my office in particular, about what you have learned with respect to the Office of Advocacy, how its operations might be improved, if there are additional authorities or resources required to advocate on behalf of our nation's small businesses and young firms. That would be instructive, I think, to all of us. Do I have your commitment to provide that report, should you become our next head of the department?

Mrs. MCMAHON. I look very forward to reporting back to all the members of the Committee the things that I have found I think throughout SBA, where I have found issues or problems that I need your help and guidance, and I hope that you would not hesitate to reach out to me to say, "Look, these are some things I really want you to take a look at," because I am going to be drinking from a fire hose for a while, continuing to, and it is going to be a lot for me to absorb, and I would like to be the most effective at it that I can.

Senator YOUNG. So will you make every effort—

Mrs. MCMAHON. Yes, I will.

Senator YOUNG [continuing]. Within 180 days to provide a report with respect to the Office of Advocacy and the things I mentioned?

Mrs. MCMAHON. I will get back to you as soon as I can with that in that time period.

Senator YOUNG. All right. That is fair enough. Thank you.

Mrs. MCMAHON. Thank you.

Senator YOUNG. The second question just pertains to basic government efficiency and effectiveness and avoiding duplication, something you indicated earlier is important to you. Can I get a commitment from you that you will work with me to find efficiencies and ways to streamline the work at the SBA?

Mrs. MCMAHON. I definitely want to streamline where we need to streamline, and where we need to add, we need to add. And, yes, I look forward to working with you and everyone on the Committee to do that.

Senator YOUNG. And, lastly, I know back in my great State of Indiana, we have stumbled upon some unique approaches to assisting our small businesses, some which might be replicated by other states. No doubt other states have their own examples to put forward. So I think there might be an opportunity for the Small Business Administration to be an effective clearinghouse for best practices emerging from the local level or state level, perhaps even best practices that we have seen in other countries. So with your commitment to work with me on that effort, perhaps we will be able to assist our small businesses.

Can I get your commitment to explore those opportunities as well?

Mrs. MCMAHON. Yes. I am a firm believer in best practices. And I think as we look across all of what is going on relative to SBA, we will identify some areas that need to be shored up and others

that need to be changed or some that need to be removed. So, yes, I like best practices.

Senator YOUNG. Thanks so much.

Chairman RISCH. Thank you very much, Senator Young, and we will go to Senator Markey.

Senator MARKEY. Thank you, Mr. Chairman, very much.

Mrs. McMahon, we talked in my office. I raised this issue of net neutrality with you, and the reason I did was that it is not really well understood that 68 percent of all venture capital goes to software and Internet startups, and they are small businesses, just beginning.

One of your counterparts over at the Federal Communications Commission, the new Chairman-designate, is talking about repealing those rules, which really does make it possible for new startups to be able to reach all 320 million people in America, which is the business model that venture capital and other investment money flows that way. And, again, we have the next generation of startups.

Are you familiar with that net neutrality issue? And what is your kind of general philosophy towards those areas of economic development in the small business area in our country?

Mrs. MCMAHON. Thank you very much, Senator. I think yesterday when you and I spoke about it, I said thank you for informing me of this and educating me more about this. I have not dealt with net neutrality in any of the businesses that I have been involved in. I understand your concern from yesterday that we do not want any restrictions on access to the Internet because it can impede small businesses. So I would like to continue to learn more about that and to learn more from you about that and how it can be used most effectively.

Senator MARKEY. And I thank you.

SBIR, some staggering numbers from Massachusetts since the program was created in 1982. Massachusetts small companies have received 20,000 small business grants, and 2,300 new firms were created out of those grants, creating tens of thousands of new jobs in our State. And we very much rely upon SBIR grants as part of our long-term business planning.

Senator Shaheen and I and others, we have been advocating to make this a permanent program. Have you had a chance to look at SBIR? And what would you think about the prospect of your support for making it a permanent program?

Mrs. MCMAHON. I have just begun to familiarize myself with it, and I have talked with many of the Senators who are on the Committee who have said how important SBIR has been to their constituents, especially in the world, as you and I talked about yesterday in small businesses, of technology and startups and what a large proportion they are now of small businesses, especially in your State. So I want to delve more into that and to see how we can best utilize SBIR to make sure if we need to enhance it, let us do that. If we need to make it permanent, I want to know why that is beneficial, so I would like to continue to learn from you and Ranking Member Shaheen and others about that.

Senator MARKEY. Okay. Thank you. And climate change: Climate change is real, it is happening. We see it along the coastlines espe-

cially of our country. And over and over again, FEMA and the SBA have had to respond in order to give help to Louisiana, affected by historic flooding, or along the Northeast, with historic storms that hit our coastlines. And in each instance, FEMA and the SBA have responded to these natural disasters. Climate change is only going to get worse.

Have you looked at that issue of what that impact is and what planning SBA might have to make in order to deal with these changing conditions, especially its impact on small businesses?

Mrs. MCMAHON. I have learned from you yesterday about the warming of the waters, Massachusetts up to Maine and around through the Cape Cod area.

Senator MARKEY. The fastest warming body of water in the world.

Mrs. MCMAHON. And I found that a fascinating statistic. And you indicated to me how it is driving the cod north, lobsters north, and so the fishing, the fishery industry there, is really being impacted by that climate change. Those are very real statistics that I want to learn more about and to know not only as it relates to Massachusetts but where else in our country where small business, I think, can be affected and we should take a more active role.

Senator MARKEY. And I would just say in conclusion that after the Tsarnaev brothers attacked Boston on Memorial Day in 2013, the SBA stepped up to help all the small businesses in that area so that they could recover. And I think that is just another great function of the SBA that is not fully understood. Whether it be natural disaster or manmade, the SBA has been there, and hopefully under your leadership we can see a continuation of that great tradition. Thank you.

Mrs. MCMAHON. Thank you very, very much.

Chairman RISCH. Thank you, Senator Markey.

Senator BOOKER.

Senator BOOKER. Thank you very much, Mr. Chairman.

Mrs. McMahon, I want to thank you for being here. It means a lot to serve your country and to step forward and be willing to make the kind of sacrifices you are going to have to make in this position, so I am grateful for your patriotism.

Mrs. MCMAHON. Thank you.

Senator BOOKER. I want to also just say, when your daughter and son-in-law stood up, I just want to say for the record that your daughter is far more fierce and intimidating than your son-in-law.

[Laughter.]

He and I are about the same age, almost exactly the same age, and Paul is letting himself slip a little bit. So after this, maybe we should go to the Senate gym so I can give Triple H some triple help in getting back in shape.

Mrs. MCMAHON. I am not sure, but Stephanie could give you a mean hip toss.

[Laughter.]

Senator BOOKER. I believe that.

Real quick, New Jersey had some good years. In fiscal year 2015, we received about \$750 million in SBA loans with over \$500 million of that going to underserved communities. As mayor of Newark, New Jersey, I was blown away by how minority women in par-

ticular are doing such an extraordinary job in our country of starting businesses.

I am proud to support a lot of the programs that are focused on them, and I am wondering if you support a higher cap for the SBA to be able to make additional loans in fiscal year 2017 and 2018?

Mrs. MCMAHON. Well, what I would first like to see is: Are all of our loans being made effectively? Are the loans that we are making going where we think they are going and have the results that we want to see? I do not have a handle yet on whether or not that metric is in place for that accountability. I want to make sure we are serving more and more minority small business owners, our veterans, our Native Americans. But I need to know, first of all, are the loans we are making effective.

Senator BOOKER. Right.

Mrs. MCMAHON. And if they are, then let us increase it.

Senator BOOKER. I really appreciate that response, and the stimulative effect of these loans is in many ways far more powerful than other uses of government dollars. The traditional indices that banks use to evaluate the loans, something I learned from Kiva, which I am sure you are aware of, that is doing incredible micro-loan work, by using other indices that are untraditional, they have loan repayment rates that beat traditional loans. That is something that I think the SBA should be looking at to try to figure out other ways to get capital into the system.

Something else that your predecessor did that I think is great, trying to correct for really bad policy coming out of the 1990s, was that a lot of folks who were in prison for nonviolent drug use, many of them for doing the things that two of our last three Presidents admitted to doing, would come out of prison and have paid their debt to society, but would not be able to get Pell grants, would not be able to get food stamps, would not be able to get public housing, stripped in many ways of their ability to compete economically.

What your predecessor did was to make changes to help formerly incarcerated citizens, many of whom are approaching parole, be available to get micro loans from the SBA. It was a remarkable change, and some of our great entrepreneurs are people who made mistakes in the past. I just want your commitment that that is something that you are going to look to continue as a practice.

Mrs. MCMAHON. Well, I certainly would like to know more about it, and it sounds like something that has been effective, and I would like to be able to see if it has been.

Senator BOOKER. I appreciate you looking into that. Again, most Americans, one out of ten is violating drug laws, and, unfortunately, those drug laws are enforced disproportionately on poor people and minorities at rates that are astonishing if you are African American in this country. No difference between blacks and whites for using drugs or dealing drugs, but you are arrested almost four times more likely, which means you are four times more likely to be stripped of opportunities to compete economically. And your attention to continuing that program is something that would be really helpful.

Mrs. MCMAHON. Thank you.

Senator BOOKER. There has been a lot of talk about the SBA and transparency. I just want to make sure that you are committed to

helping us to have transparency when it comes to loans so we could have better metrics about how your loans are doing and being directed towards different populations that have been mentioned here. I really appreciate that.

Really quickly, I have a lot of problems with regulations as well. That is something I think there is a lot of opportunities for people to work on both sides of the aisle. Take, for example, the fact that the number one employer in America, if you include contractors with the Federal Government, is the Federal Government. It creates tremendous jobs. But as we have heard from others, navigating that Byzantine labyrinth of complicated rules and regulations is difficult.

Take, for example, just the people who manage our pension funds, which has hundreds of billions of dollars in pension funds, management given to one major outlet, while emerging managers, which states use to manage their pension funds, often women-run businesses, often minority businesses, actually outperform the big folks. But because of the way these regulations are, it is very hard for those smaller businesses to compete. In the technology field, this is really difficult because small tech firms, which often provide greater service, cannot even compete for government grants because the way it is promulgated is just too difficult to navigate.

And so I just want your commitment that, as you look at small businesses in general, looking inward here at the way we do our processes is really critical to empowering small businesses, and if we can help to lower these regulations, make space for smaller businesses to compete for larger contracts or to break down those large contracts into smaller, bite-size opportunities, we will help to fuel our economy in a significant way. It is something that as a member of the Cabinet, with all these other Cabinet members who push billions of dollars out into the private market, for you to be a voice for someone who says let us look at a way to empower small businesses, it can make a majorly impactful difference and actually get government better service for their dollars. Is that something that you will be focused on?

Mrs. McMAHON. I absolutely want to advocate for our small businesses and having that access to compete.

Senator BOOKER. Thank you very much.

Chairman RISCH. Thank you very much, Senator Booker.

Senator Kennedy.

Senator KENNEDY. Thank you, Mr. Chairman.

Mrs. McMahon, I enjoyed our visit in my office. I appreciate your time. I think you will be a great addition to Mr. Trump's team.

Mrs. McMAHON. Thank you.

Senator KENNEDY. I have just got a couple of questions. Do you understand how hard it is to start or expand a small business in America today?

Mrs. McMAHON. Yes, sir. I have had that experience. I know very well what it takes.

Senator KENNEDY. I mean, Senator Booker talked about this, but let us just start with the regulation. Here is what small business people tell me every day. They do not complain about specific rules or paying their fair share. This is what they tell me. They tell me, "We need simpler rules. We need fewer rules. We need quicker de-

cisions by the bureaucracy. We need government workers who will answer the phone. We need government websites that a normal person can navigate." That is all they are asking for.

Now, it has been my experience—and I have been in America longer than I have been in Washington. I have been a Senator for 3 weeks. You cannot be for jobs if you are against business. And businesswomen and businessmen need five things: they need low taxes, they need reasonable regulation, they need capital, they need decent infrastructure, and they need a skilled workforce.

Now, I realize SBA cannot provide all of those, but tell me how at SBA you are going to help small businesswomen and small businessmen get those things.

Mrs. MCMAHON. Well, for one thing—and thank you very much, Senator Kennedy, and I, too, enjoyed our visit. I think a lot of what you have talked about, if I were fortunate enough to be confirmed—

Senator KENNEDY. You will be.

Mrs. MCMAHON [continuing]. I would like—thank you. Did you hear that?

I think it is really important that we do mentor these small businesses. You know, a lot of times, if someone has a wonderful idea, this is my business, this is what I want to do, I am going to come in and I am going to show you, and they come in with sort of an abstract business plan. And even if you help them sort of get that business plan right and get all the t's crossed and the i's dotted, sometimes you have to look at them and say, "This is not a good idea. This business really does not look as though it has the legs to succeed." And I think often there is not enough of that kind of mentoring.

But I think that, you know, all of the other things that you have identified, it is like a blueprint for success—you know, lower taxes, fewer regulations, and all of that. But sometimes you do not have the basic understanding of what it is going to take to have a successful business. And there needs to be that aspect of mentoring as well, and I think that will help us grow more quality businesses that do have the opportunity to succeed.

Senator KENNEDY. Well, lots of small businesses fail. I understand that. But what I think is happening in our country is that a lot of really smart people are just afraid to try. They are afraid of their chances of success. They just think there are none. They just start looking at the different permits and regulations and rules, and on top of that you have got to have the capital, and many people have to put a second mortgage on their home. You know, it is just insurmountable.

And here is what I hope you will do, Mrs. McMahon, because I do believe you will be confirmed. I think you are very qualified for this position.

Mrs. MCMAHON. Thank you.

Senator KENNEDY. And I think the President has chosen well. But I am familiar with what SBA does, and I know you are, too. But I hope you will go beyond just SBA. I hope you will be the advocate for small business in this administration, because in my state, 90 percent of our jobs are created by small businesswomen and small businessmen who are taking a risk. And it is risky. And

sometimes they fail. But when they stop trying, at least in my part of America, we are in real trouble.

So I hope you will take on that role. If there is something I can do to help you, let me know. Good luck.

Mrs. MCMAHON. Thank you. I do not think that I could be an advocate for SBA if I were not an advocate for small business. I think they are one and the same.

Senator KENNEDY. Thank you. I yield back my full 24 seconds, Mr. Chairman.

Chairman RISCH. Thank you, Senator Kennedy. We appreciate it. And, Senator Shaheen, we are back to you.

Senator SHAHEEN. Thank you, Mr. Chairman. And I only have two questions, and I know that we may be waiting on one or two more other people. But as you are aware, the Small Business Administration is a relatively small investment in this economy. If you look at how it compares to many other agencies within the Federal Government, their budget is not one of the largest. Let us just put it that way. And yet as we have heard from all the members of this Committee, small businesses are very important to this country's economy, to job growth, and we need to do what we can to support them.

It is particularly true in rural America, I think. New Hampshire does not have very many large cities. We are mostly a rural state, and much of America is also. And when there are cuts to the SBA, that has an inordinate impact on rural America because one of the places that they can get support, as you have heard, is from the SBA, for mentoring, for guidance on issues that come up with their business, for loans. So it is very significant.

I want to hear from you that you will be an advocate for the budget of the Small Business Administration, because what we saw in the last Republican administration is that they cut SBA's budget by about 32 percent. So can you reassure me that you will do everything you can to advocate for SBA in the current administration?

Mrs. MCMAHON. Absolutely. I want to make sure that we have the right budget to accomplish what we need to accomplish. And it may be that, if I have an opportunity and I am confirmed, if I am looking at one aspect of expenditure, to say, you know, I think we can best take some of these dollars and move it over here.

Senator SHAHEEN. Sure.

Mrs. MCMAHON. I think those are the right ways to look at our budget and then to make sure that we are asking for the right kind of appropriation, but let us lay out our programs. Here is really what we want to accomplish, and here is what it is going to take.

When I was a CEO, I often—when it was budget time, we went back to zero-based budgeting. You had to justify your department and your expenditures. And it is funny. That is a pretty sobering experience. And so while I am not advocating that necessarily at SBA, I do think there is a peeling back of my understanding of the budget and where those dollars are being spent and if they are being spent effectively.

My commitment to this Committee will be that I will be an advocate to make sure that SBA runs effectively and efficiently.

Senator SHAHEEN. Thank you. I appreciate that. And effectiveness, obviously, is a goal that we all share.

With that in mind, I just wanted to call your attention to what was reported this week, that the new administration is preparing budget cuts based on a blueprint that was published by the Heritage Foundation—you may have seen this—because the blueprint endorsed cutting funding for several programs that I think are very important to small business. One is the SBIR program, the Small Business Innovation Research program, and we have heard from a variety of members attesting to the importance of that program. We have seen it in New Hampshire in terms of job creation and providing innovation to the Department of Defense. In fact, at a hearing before the Armed Services Committee, we heard from experts that the most effective existing program to help our military get the innovation they need is the Small Business Innovation Research program. So I would urge you to look at that very carefully as there are discussions about cutting that program.

The other area that the Heritage Foundation blueprint talks about cutting is SBA's role in disaster assistance. And given your interest in that—you have expressed it at the hearing; you expressed it when we discussed it. It has been raised by a number of members. I would have severe reservations about cutting SBA's role in disaster assistance.

And just finally, in support for international trade, which, again, for so many small businesses, having access to those international markets can make the difference between growing and succeeding and failing, especially when times are tough.

So I would just urge you to take a hard look at some of those issues and advocate for what is in the best interests of our small businesses. Thank you.

Mrs. MCMAHON. Thank you.

Chairman RISCH. Thank you very much, Senator Shaheen.

And, finally, we are going to turn to Senator Rubio, and Senator Rubio will be the last, and this is a momentous occasion because, I will tell you, it is not very often you get questioned by every single member of the Committee. They have all shown up.

[Laughter.]

Mrs. MCMAHON. I am honored today then.

Senator RUBIO. Well, thank you, Mr. Chairman, and I appreciate it. Mrs. McMahon and I have known each other for a while. I know a lot about her background, had some opportunity to spend some time with her in our office talking through some of these issues. And in the interest of time, I will just focus my questions on one issue that is of particular importance to the State of Florida.

As we had discussed, you know, the Zika virus had an impact on small business, and I know there has been a number of questions asked about disaster relief for communities impacted by storms and other events. But what I think has become a new disaster, something we had never quite seen before, is the impact of a pandemic or the designation of a community as being a place that people should avoid. This happened during the Zika outbreak this summer in South Florida, where the CDC was basically telling people do not visit if you are pregnant certain geographic areas in a community. I do not need to tell you that was not good for business.

And while a lot of people think it impacts the big hotels and the big restaurants and the night clubs, it does, but it impacts all sorts of small businesses down the chain, from, quite frankly, the Uber drivers all the way to the florists at the wedding that got canceled.

And so one of the things that we discussed was an effort I made last year that the previous administration was open to, to opening up or redefining the use of the disaster loan program to address hardships that small businesses face during a public health crisis.

So I would just ask: Is that something that you would be open to exploring and looking at? I know you need to look at what the costs of that would be, and, obviously, there needs to be some predictability—although in disaster relief, it is hard to predict, right? But I hope that that is something that I can encourage you to be open-minded about because while I do not think we are going to have many of these, there is nothing to say it could not happen again. And our ability to help some of these small businesses who are impacted by the outbreak of a pandemic or what have you like Zika in the future is a new dynamic, particularly in communities that are involved in a lot of international travel.

So I do not know if you have had a chance to explore that issue a little further, but I hope that you will be open-minded and work with us on achieving it, because I do think that moving forward we could unfortunately see that play out in a number of different places in the future.

Mrs. MCMAHON. I have not had a chance to look at it more than our discussion, but certainly I will have an open mind and look forward to working with you on that.

Senator RUBIO. Thank you. And the last point I would make is I would encourage you, at the appropriate time I would love to have you come to Florida and visit some of our—I know everybody wants you to get everywhere, right? But Florida is a big—

Mrs. MCMAHON. Could it be during the winter?

[Laughter.]

Senator RUBIO. Yes. We would try to schedule it sometime between November and March. But there is some real dynamism in our small business community, and, in particular, I have always pointed people to how dynamic first-generation Americans are in terms of entrepreneurship. As I commented to you in our meeting, in some of the keys like where I live in South Florida, in Miami, the people know it as Calle Ocho. It is Eighth Street. It is kind of a traditional area where the Cuban exile communities congregate. Of course, there is a Walmart and all the other big chains, but literally eight out of ten of the storefronts and businesses are family owned and operated businesses. And for me, that—and people always say it all the time. That truly is the backbone of our country and of our business class, and they do not get the headlines. And a lot of these businesses face challenges. You could have the greatest product in the world, but when—and these things that we do not think about in terms of challenges to a small business, but one of the things that has happened, when they decide to expand the road in that area and go into construction, it is great for the future. But for the next year and a half, customers just think it is a hassle to get in and out, and it is devastating for some of these small businesses.

And I think not just—the people focus on the loan programs and the other financial assistance that the SBA provides, but to be an advocate for the challenges of small businesses, whether it is regulations, taxes, or things of this nature, I believe small business in America needs advocates within the Federal Government who are constantly watchdogs for any public policy at any level of government that has a disproportionate impact on a smaller business.

And so I hope that—I know you are going to be very busy getting around to everywhere, but at some point, particularly when it is cold and snowing everywhere else, I encourage you to come, and we will find the right place, whether it is in central Florida—we have got small business success everywhere in our State, and we are excited to host you there, and we would love to interact with you.

Again, I thank you for your willingness to serve our country. I really am grateful for the opportunity that we have had to talk. And the nomination process is not always a pleasant experience, so I am glad that it sounds like this meeting has gone well, and I look forward to working with you, and I anticipate you will be confirmed here fairly soon.

So thank you. Thank you for being here today.

Mrs. MCMAHON. Thank you very, very much. I appreciate it.

Chairman RISCH. Senator Rubio, Senator Hirono had an equally attractive offer.

Senator RUBIO. Hawaii? Yeah, that is good one, too.

[Laughter.]

Mrs. MCMAHON. However, I was invited to Alaska and North Dakota, and I said, “Could we do that in the warm months?”

Chairman RISCH. Alaska is great when the salmon are running.

Senator RUBIO. We have got great places everywhere.

Chairman RISCH. Thank you, Senator Rubio.

Well, with that we are going to conclude the hearing, and, Mrs. McMahon, thank you so much for your willingness to serve. And Senator Shaheen had another meeting to go to and wanted me to express her appreciation for your willingness to serve and for your appearance at this hearing and for being as open as you are.

This has really been a good hearing. As you can see, we have a very diverse group of Senators with different ideas about things, but that is what makes America great. Senator Shaheen and I have been talking about trying to move this as quickly as possible. We feel very good about being able to get you confirmed, but, obviously, it is not over until it is over. And so we are going to try to move this next week. We are booked up this week, but we are going to do our best to try to move it next week.

We are going to leave the record open until close of business tomorrow, Wednesday, January 25th, and we will keep the record open for 2 weeks to edit statements and submit letters and any other relevant materials.

So, with that, thank you.

Mrs. MCMAHON. Thank you very much.

Chairman RISCH. Thank you to your family for being so supportive and being here with us today. With that our Committee is adjourned.

[Whereupon, at 12:28 p.m., the Committee was adjourned.]

APPENDIX MATERIAL SUBMITTED

**Senate Committee on Small Business Hearing
January 24, 2017
Follow-Up Questions for the Record**

Questions for Mrs. McMahon

Questions from:

Ranking Member Shaheen

Small Business Development Centers

Our Small Business Development Centers (SBDC) in New Hampshire have been working hard to be rebranded as “Public Management Consultants.” They feel it better reflects their role in not only helping start new small businesses, but also in helping established businesses with any number of internal issues. Through these services, New Hampshire SBDCs play a critical role in workforce development, and act as innovators of effective models for improving workforce conditions.

QUESTION 1:

What is your vision for the future of the SBDC program?

- A: SBDCs serve a critical role in fulfilling the SBA’s mission to help small businesses obtain capital, seek government contracts, and receive technical assistance in exports, management, and a broad variety of training they need to move their business forward. Given SBDCs comprise a large portion of the SBA budget, and have the broadest footprint and most comprehensive mission, we will continue to monitor how this program is most effectively deployed to ensure the greatest returns for the taxpayer dollar. One of my goals is a comprehensive review of SBA entrepreneurial development services to ensure the best coverage and broadest dissemination of small business assistance.

Health Coverage for Employees – WWE Criticisms

Mrs. McMahon, many small businesses take pride in offering affordable, quality health coverage to their employees. They view this as a good business practice that allows them to retain productive employees.

WWE has been criticized for failing to offer health insurance to its employees, especially considering the toll that the profession can take on wrestlers’ health.

A 2010 article in *The New York Times* noted that some have criticized the WWE’s classification of workers as independent contractors because it “frees the company from paying health

insurance, Social Security and Medicare contributions and unemployment insurance.”

The article also pointed out that the high risk of the profession makes it very difficult for lower-paid wrestlers to obtain health insurance on their own.

Recently, my office has heard from former WWE wrestlers across the country who are part of an ongoing lawsuit alleging that WWE exposed them to dangerous work environments without providing them with the support that they need.

QUESTION 2:

Would you like to respond to this criticism?

A: Throughout the history of WWE, all ring performers have always been classified as independent contractors. WWE has great respect for the health and well-being of all of its performers, and indeed provides health coverage for all injuries which occur either in the ring or as a result of their performance. WWE provides immediate care, rehabilitation care if necessary, and continues to honor contractual terms during convalescence. This coverage applies to all talent who are in the developmental system in Orlando, Florida, as well as those who are under contract.

Women's Entrepreneurship

With the addition of Senator Duckworth, I'm proud to say that women now make up the majority of Democrats on this Committee. And one of the areas where I hope we can all work together is helping women entrepreneurs break down barriers in business that men don't face.

For example, a March 2014 Harvard Business School study had potential investors watch two videotaped entrepreneurial pitches. One had a voiceover using a man's voice and the other used a woman's voice. The content of the pitch was identical -- the only difference was the gender of the person delivering it.

Sixty-eight percent of the investors chose to fund the venture pitched by the man's voice, and only thirty-two percent chose to fund the one pitched by the woman's voice.

It is a shocking fact that, as recently as 1988, many states had laws requiring women to obtain the signature of a husband or another man in order to establish business credit.

This legacy of sexism and discrimination partially explains some sobering statistics about women-owned firms:

- Just seven percent of small business founders on Bloomberg's May 2016 survey of

- venture-backed firms were women;
- They secure only five percent of federal government contracts, according to the SBA data from 2016, and,
- They account for less than five percent of the total value of all conventional business loans, according to a 2014 report by this Committee;

Despite those barriers, a 2016 report by American Express OPEN found that women-owned firms are growing at five-times the national average. That's why it's in everyone's interest to make sure women have the tools they need to succeed.

Warren Buffett famously said that one reason for his extraordinary success is that he was competing with only half of the world. It's time to fully unleash the other half.

When we met, we discussed your work with Women's Leadership LIVE to help provide mentoring and access to capital so that women interested in business can succeed.

QUESTION 3:

Can you talk about the role that SBA programs – especially Women's Business Centers and SBA loans – play in terms of helping reduce structural disadvantages for women in business?

- A: Like President Trump, I am committed to helping women business owners and will be their voice just as I will be for all small business as a member of the Cabinet. In addition to Women's Business Centers, all SBA programs are available to women entrepreneurs. In fact, 40% of SBDC clients are women. All of SBA's programs serve the same goal, to help all aspiring entrepreneurs in achieving success. One of SBA's most important missions is to educate small businesses, including women, about services that are available.

QUESTION 4:

Can you talk about your experience as a high-profile woman executive in a male- dominated industry? What do you think are the best ways for us to help women succeed?

- A: As mentioned at my hearing, I created Women's Leadership LIVE as a way to mentor and provide education to other women who wish to pursue entrepreneurial opportunities. In this way I have been able to give others the benefit of my experience – the highs and lows – of what it takes to succeed in business.

Discrimination against Women in Federal Contracting

Women continue to face a real disadvantage when it comes to selling to the federal government.

According to a Commerce Department study released last year, the odds of a women-owned business winning a federal contract are about 21 percent lower than for other companies.

Last year, the federal government met its very modest goal of providing five percent of all federal awards to women-owned companies – for the first time.

This is one area where the SBA and the federal government can have a significant impact in reducing barriers for women's entrepreneurship.

In 2014, Congress passed legislation I introduced with Senator Cantwell, the Women's Small Business Procurement Parity Act. That bill allowed the SBA to make some changes to enhance the ability of women-owned firms to compete for federal contracts.

These changes were put into effect last year, so we have yet to see the real impact. But it's an area where the SBA must continue to monitor its progress and work with agencies to address structural disadvantages for women in business.

QUESTION 5:

Will you commit to working with federal agencies to increase their support for women-owned small businesses?

A: As a former CEO of a primarily male enterprise in the sports entertainment industry, I fully understand the obstacles that women entrepreneurs face. Women entrepreneurs are the fastest growing small business sector, and I believe that it is vital to ensure that women entrepreneurs are on a level playing field to compete for federal government contracts.

QUESTION 6:

What steps will you take to enhance the Women-Owned Small Business (WOSB) contracting program to ensure that we reach and exceed the goal of providing 5 percent of federal contracts to women-owned small businesses and ensure that the 21 percent gap can be closed?

A: I will work with all applicable federal agencies to set and enforce WOSB contracting goals that meet or even exceed the 5% statutory set-aside requirement.

Exporting/STEP Grant Program

Like many states, New Hampshire's economy has become increasingly tied to international trade. 95 percent of the world's customers live overseas, but only one percent of small and medium-sized businesses export their goods and services abroad. Helping those small firms reach international markets is a common-sense way to help small businesses grow.

As we discussed, you have a strong sense of how international markets can help grow a company because WWE has taken advantage of new markets.

But, as I'm sure you appreciate, it can be very daunting for a small business to reach international markets, navigate the bureaucracy and learn new customs.

That's why Congress created the State Trade and Export Promotion (STEP) grant program, which provides awards to states to support small businesses looking to sell overseas. This program has been a huge success – generating a return on investment of \$22 in U.S. small business export sales for every \$1 awarded.

The last grant for the State of New Hampshire was a small investment – about \$200,000 – that resulted in \$38 million in export sales from 50 companies.

The program is able to leverage federal dollars by working with small businesses like Intrinsyk Medical Devices, based in Salem, New Hampshire. Intrinsyk attended two trade shows with the help of a STEP grant, and they've already secured three new contracts with international buyers for their medical devices. All of a sudden, this company is highly competitive with international visibility.

QUESTION 7:

Given the success of this program, will you commit to ensuring that STEP continues to be a funding priority for the Trump Administration?

A: President Trump is committed to increasing American exports and achieving a more favorable balance of trade. To help accomplish this, the SBA must provide America's 28 million small businesses with the support they need to sell their products and services overseas. I am eager to learn more about how STEP and other export promotion programs at SBA are delivering effective export support at efficient expense to the taxpayer.

QUESTION 8:

While the STEP grant has been essential, it is a relatively new program that has bogged down by bureaucratic red tape. Will you commit to working with the states to reduce the paperwork

burden in this program?

A: Unfortunately, excessive paperwork and regulatory burdens are too common when dealing with state and federal governments. We will work very closely with our state partners to reduce paperwork requirements and eliminate unnecessary forms to the fullest extent possible.

Competition with Big Business

Many small businesses feel that they're facing stronger and stronger competition from large firms, who have gained market power by consolidating. Since the Great Recession, the trend toward consolidation has increased, making it harder for small businesses to recover.

You have built a successful business in WWE with your husband. Some have said, however, that this was done by consolidating the industry and eliminating competition from smaller businesses.

QUESTION 9:

Can you discuss the importance of competition and ensuring that federal agencies are looking out for small businesses?

A: As an entrepreneur who has built a small business into a large one, I am acutely aware of the needs of small businesses. My experience is something I will apply in advocating and setting policies aimed at starting and growing small businesses and creating jobs.

Energy Efficiency

For many small businesses, energy use is among the top costs of doing business. That is one of the many reasons why I am such a strong supporter of energy efficiency.

Energy efficiency is the fastest, cheapest way to meet our nation's energy needs. Every small business – whether in manufacturing, agriculture, retail or services– can benefit from energy-efficient upgrades that will help reduce energy costs and allow businesses to remain competitive.

I believe that the Small Business Administration should play an important role in helping to advance the adoption of energy efficiency technologies and practices among small businesses, which will facilitate greater economic growth in this sector.

QUESTION 10:

Can you please share your thoughts on the importance of energy efficiency to small businesses, and what role SBA plays in ensuring small businesses obtain the financing they need to make energy efficiency upgrades.

- A: Based on my experience, any cost effective investment that results in cost saving efficiency is helpful in achieving success, including energy efficiency that keeps utility bills low. Whether it is lowering the energy bills or the cost of regulatory compliance, I support everything that helps the bottom line of small businesses.

QUESTION 11:

As SBA Administrator, how will you effectively engage small business to make them aware of the many successful federal energy efficiency programs that are currently available, such as EPA's Energy Star program or DOE's Industrial Assessment Centers that help small manufacturers?

- A: If confirmed, I am committed to learning from SBA personnel and other federal agencies about energy efficiency technologies and practices that can best help small businesses.

SBA Provisions in the 2007 Energy Bill

In 2007, Congress passed and President Bush signed into law the Energy Independence and Security Act, which established a number of loans, grants and pilot programs to help make small businesses more energy efficient. Unfortunately, a full decade later, several of these provisions have yet to be implemented by the SBA. These provisions include a pilot program to reduce fees on 7(a) loans for the purchase of energy-efficient technologies, promotion of financing agreements between small businesses and utility companies to increase energy efficiency and the establishment of a Renewable Fuel Capital Investment program to encourage venture capital investments of small businesses engaged in renewable energy research, development, manufacturing and production.

QUESTION 12:

Can you commit to me that, if confirmed, you will fully implement the SBA provisions in the Energy Independence and Security Act?

- A: Various reports have shown that the SBA has failed to implement statutes enacted by Congress. I will examine why the SBA has failed to implement such statutory provision and then determine how best to carry out the requirements mandated by Congress.

Student Debt – Impact on Entrepreneurship

One of the real barriers for Millennials looking to become entrepreneurs is that they are buried under a mountain of student debt, which roughly tripled since 2004 to a staggering \$1.3 trillion. That debt limits their flexibility and ability to pursue their entrepreneurial dreams.

That burden is especially difficult in New Hampshire, which has the highest tuition and fees for public four-year institutions in the United States. Not surprisingly, for the graduating class of 2014, New Hampshire had the second highest per capital student loan debt in the country, second only to Delaware. The average debt for NH graduates was a whopping \$33,410.

I am especially troubled that, because of student loan debt, many young people cannot get a loan to start a business or to follow their dream of becoming an entrepreneur.

QUESTION 13:

Do you believe student loan debt and repayment burdens hinder young people from starting their own business? Do you believe this deters qualified workers from joining a startup?

A: Small business is critical to the success of the US economy, and it is important that the next generation of entrepreneurs have the tools they need to succeed. If confirmed, I will seek to find methods to assist millennials and other future generations to achieve the American dream. Every person who takes the step towards entrepreneurship has to understand the risks associated with entrepreneurship, as I did. There will be sleepless nights, and better understanding of the risks through SBA assistance will help aspiring entrepreneurs make the right decisions.

QUESTION 14:

Would you support efforts that would allow borrowers working in startups to defer student loan payments? What other ideas do you have to help alleviate this burden so that we can unleash the potential of Millennials as startups?

A: As stated above, I support finding ways for our entrepreneurs of the future to be successful. If confirmed I will look into what SBA can do to help them achieve their goals and dreams.

Workforce Development

With a relatively low unemployment rate, one of the top problems that I hear from small business owners in New Hampshire continues to be the inability to find skilled workers to fill positions.

QUESTION 15:

What are your thoughts on how we can address this problem? What role do you think the SBA can play in helping small businesses find skilled workers?

- A: Education and training are very important in increasing the number of skilled workers. With its resource partners, SBA can help provide guidance to those businesses looking to hire skilled workers.

Investigation of Anabolic Steroids Use at WWE

You note in your submitted materials that the WWE and your husband were investigated and indicted on charges of allegedly conspiring to defraud the Federal Drug Administration with respect to regulating the manufacture and distribution of anabolic steroids, and on charges of possession of steroids.

QUESTION 16:

While your company and husband were acquitted of one charge, and all remaining charges were dropped, how do you respond to critics who suggest that you could have done more to prevent the abuse of steroids among wrestlers within WWE?

- A: During my tenure as CEO at WWE, WWE implemented one of the strictest health and wellness policies, which included one of the most stringent and comprehensive drug testing programs in sports. This program was head and shoulders above anything in the entertainment industry. The program includes not only opportunities for rehabilitation, but penalties up to and including contract termination. This health and wellness policy is still in place today.

SBA Modernization

One of the biggest barriers that we have found to community banks and small businesses using SBA products is that the technology is out of date. SBAOne and SBALinc are examples of programs that have made steps to ensure that the SBA products are easier to use and relevant in the future.

QUESTION 17:

The SBA has started working to update its technological infrastructure to both streamline its services and ensure the cybersecurity of its clients' information. Will you continue that effort?

- A: If confirmed, I will work to continue to improve SBA's technological infrastructure to streamline and simplify delivery of the Agency's products and services as well as

improve the cybersecurity of client's information.

QUESTION 18:

Will you commit to complete implementation of these programs including utilization of private sector resources where necessary?

A: I will review the programs and changes being implemented, and will make sure the SBA is developing the best and most useful resources for small businesses.

SBA Morale

The SBA regularly scores as one of the agencies with the lowest morale among staff in the federal government.

QUESTION 19:

What are your thoughts on how to make the SBA a more satisfying place to work?

A: I believe that improved communication within the SBA is essential to improving morale. If confirmed, I will work to effectively communicate my vision for the Agency to all employees and work to improve employee ownership in the Agency's mission of helping small businesses.

Broadband Access

For many small businesses, Broadband Internet access is key to the ability of companies to innovate and grow their business models, especially in rural areas. That's why I've continuously worked to ensure that broadband access is both affordable and competitive in all areas of my home state of New Hampshire, as well as across the country.

QUESTION 20:

How will your work as Administrator ensure that small businesses have sufficient resources to best utilize broadband access and maximize their potential?

A: In today's environment, access to the internet is very important for small businesses. The internet provides important information to potential customers and increases the marketplace for goods and services provided by a small business. If confirmed, I will look into the issue of better utilization of broadband internet access.

Of particular concern are the cost and other obstacles of “last mile” implementation. I want to work with my colleagues at FCC and with aspiring providers, many of whom will help to overcome those barriers.

Cybersecurity Preparedness

At the end of 2016, Congress passed a bill that tasks the Administrator of the SBA to work with its resource partners to provide greater cybersecurity resources, tools and guidance to small businesses.

QUESTION 21:

Can you commit to reporting to Congress on the implementation of this effort?

A: Improving cybersecurity in the public and private sectors is a strong priority for the Trump Administration. At SBA, we will work diligently to implement the newly enacted statutory duties pertaining to cybersecurity and will keep Congress informed of our progress.

Federal Hiring Freeze

On Monday, President Trump issued an executive order freezing federal hiring. While I am a strong supporter of efforts to eliminate unnecessary spending, I am concerned that a blanket policy on hiring will inhibit critical functions, especially in rural areas of the country.

In particular, I am concerned about the impacts of such a policy in New Hampshire. Two weeks ago, the SBA’s lender relations specialist in New Hampshire vacated the position. This was the only lender relations specialist in my state.

QUESTION 22:

If confirmed, will you work to fill the lender relations specialist job in New Hampshire?

A: As a leader, it is my duty to ensure that my people have all the resources they need to succeed. If confirmed as SBA Administrator, I will work hard to make sure that my people are adequately equipped and staffed to best assist American small businesses while making responsible use of American taxpayer dollars.

QUESTION 23:

Do you support a hiring freeze at the SBA?

- A: President Trump's executive order was issued in the spirit of ensuring that taxpayer dollars are spent effectively. I intend to ensure that all SBA services for small businesses are being delivered at the best value to the taxpayer.

HUBZone Program

The SBA's HUBZone program facilitates access to government contracts for economically distressed communities. While the procedures for the program have been streamlined, insufficient staffing has led to delays in the application process, even in situations where there is only one applicant in a particular HUBZone. This has recently become clear to me as a result of delays in the application of one New Hampshire firm that is eager to get started under the program since its eligibility time frame is limited.

QUESTION 24:

Under your leadership of the SBA, how do you plan to fill the staffing needs gap for the HUBZone program to ensure that qualified businesses are approved in a timely fashion?

- A: Before making any decisions on the allocation of personnel, I will need to understand why there are gaps in providing certification of firms for eligibility in the HUBZone program. Once I have made those decisions, I will work to make the certification process more efficient which may entail providing appropriate training for personnel or reassigning existing SBA personnel to handle HUBZone certifications.

QUESTION 25:

Many businesses in these underutilized business zones are unaware of the significant opportunities available to them. HUBZone empowers people who actually live in these zones to improve the economic outlook for their communities. How will the SBA, under your direction, devote resources to promote the program to potential applicants in these zones?

- A: We will work with district offices and resource partners to ensure the public is aware of opportunities in the HUBZone program.

HUBZone Expansion

Recently, New Hampshire's Sullivan and Grafton counties were granted HUBZone Status,

which gives small businesses in those areas additional opportunities to sell to the federal government. Economic development leaders in those counties, especially Claremont, are eager to get the word out to small businesses in the region about this new opportunity.

QUESTION 26:

Will you work with my staff to ensure that getting the word out about this new HUBZone status is a priority?

- A: More than any of the other contracting goals, the government struggles to meet the HUBZone goal. If confirmed, I'll work with you, the HUBZone program office, and the district offices to make sure that qualified small businesses, including those in Sullivan and Grafton counties, are able to use this important tool to provide goods and services to the federal government while improving their communities.

Working with Federal Agencies to Maximize SBIR/STTR

One of the duties of the SBA Administrator is to protect the integrity and implementation of the Federal government's two largest research and development programs for small businesses: the Small Business Innovation Research and Small Business Technology Transfer programs, or SBIR and STTR. Eleven agencies participate in the SBIR program and five in the STTR program. These programs leverage about \$2 billion to \$2.5 billion in R&D each year for roughly 6,000 projects with small firms. The funds go to explore promising but risky innovative ideas to solve problems for the country and the missions of the agencies.

You may know about these programs because Connecticut's small, high-technology firms compete for and win nearly \$25 million a year in SBIR and STTR projects. These public-private partnerships are a good return on the taxpayer investment, with as much as \$19 returned to the economy for each \$1 in SBIR funding, with success stories like Lasik Eye Surgery and Qualcomm. SBA must ensure that the agencies are implementing the programs as Congress intended.

In December, Congress reauthorized the SBIR and STTR programs for five years. Our Committee led the legislative effort to act early, and I look forward to working with Chairman Risch in this Congress to enact other changes that stakeholders would like to see to streamline the programs.

QUESTION 27:

As Administrator, will you advocate for programs like SBIR and STTR programs?

- A: The SBIR and STTR programs allow small business with technological potential to access R&D grants, thereby stimulating technological innovation and rapidly responding to federal R&D needs. I will continue to seek ways to make programs like these more effective while ensuring that small businesses have continued access to opportunities that foster innovation and entrepreneurship.

Funding for SBIR/STTR Oversight and Coordination

The SBA's Office of Investment and Innovation oversees and coordinates the implementation of the SBIR and STTR programs at all the agencies. In a hearing last January regarding reauthorization of the SBIR and STTR programs, Jere Glover, Executive Director of the Small Business Technology Council, raised concerns about insufficient staffing in the SBA's Office of Investment and Innovation:

"The SBIR community is excited that John Williams is at SBA. He did a magnificent job [running the Navy SBIR program], and we are excited he is there. The sad thing is he has got virtually no budget and virtually no people. To try and run a \$2.5 billion a year program with four people is just a joke. Years ago, when [the SBIR program was] less than half this size, they had 11 people."

QUESTION 28:

Given the importance of the SBIR/STTR programs, will you work to address staffing shortfalls?

- A: As a leader, it is my duty to ensure that my people have all the resources they need to succeed. As SBA Administrator, I will work hard to make sure SBA personnel are adequately equipped and staffed to best assist American small businesses while making responsible use of the American taxpayer dollars.

Diversity in SBIR/STTR

The lack of diversity in Science Technology Engineering and Math fields (STEM) is systemic, and not just a problem in the SBIR and STTR programs. Nevertheless, our Committee has worked hard to diversify the participation of firms in the SBIR and STTR programs.

QUESTION 29:

If you are confirmed as the Administrator of the SBA, will you continue SBA's work to encourage the 11 SBIR and 5 STTR agencies to increase outreach and improve diversity among the states and among women and underserved minorities?

- A: Women and minorities have made significant contributions to the advancement of science and technology. I believe that my experience as a woman executive in a predominately male industry will help me promote SBIR and STTR to communities that typically do not participate in the program.

Improving SBA Delivery in Puerto Rico

According to the Office of Advocacy at the SBA, about 80 percent of private sector workers in Puerto Rico are employed at small establishments, with about 553,000 workers employed by about 45,000 small businesses. Unfortunately, the ongoing Puerto Rican recession has had a significant impact on the small business community, where access to credit is extremely restricted and the number of new businesses being recreated is outstripped by those closing their doors. The SBA currently has one district office in Puerto Rico, with 12 employees, to cover the Commonwealth's 3.5 million residents.

QUESTION 30:

As the SBA Administrator, how will you improve delivery of SBA products and programs in Puerto Rico and will you dedicate additional resources to expand operations to help more entrepreneurs and small businesses?

- A: I fully believe that entrepreneurs can assist Puerto Rico in reviving its economy. Once I understand the obstacles to delivery of SBA assistance in Puerto Rico, I then can assess the resource needs to provide appropriate assistance to Puerto Rican small businesses.

Access to Capital for Minorities, Women and Rural Areas: 7(a) Fee Waivers

Since the 113th Congress, our Committee has supported the SBA's initiative that waives fees on 7(a) loans of less than \$150,000 in order to increase access to capital for minorities, women and small businesses in rural areas.

QUESTION 31:

Do you support continuing the fee waivers for smaller 7(a) loans?

- A: I am aware of the importance of 7(a) loan to American small businesses, and I will review the fee structure for 7(a) loans of less than \$150,000.

QUESTION 32:

As Administrator, will you continue to use your administrative authority to waive the fees?

A: I am aware of the importance of 7(a) loans to American small businesses, and I will review the fee waivers that are currently in practice.

SBA's 7(a) Loan Program –Preventing a Shutdown

SBA's 7(a) Loan Guaranty Program is the agency's flagship capital access program and a model for public-private partnerships. It provides government-backed loans for small businesses that have repayment ability but that are unable to obtain a conventional bank loan.

While the 7(a) loan program is a small percent of overall bank lending to small firms annually, it is one of the largest sources of long-term capital (more than three years) in this country and therefore is essential to the spectrum of lending to small businesses. With long terms, small businesses can spread out the payments, and therefore maintain a healthier cash flow and even grow.

The 7(a) loan program has experienced rapid growth over the past couple of years, and Congress has had to step in several times to raise the program level to prevent a long-term shutdown. For FY2017, the Continuing Resolution program level for the 7(a) program is set at \$26.5 billion. However, 7(a) lending for the first quarter is up 12 percent, so that \$26.5 billion is looking insufficient. We could need a bit more than \$27 billion to calm the markets. The industry recommended between \$27.5 billion and \$29 billion.

QUESTION 33:

Do you support the SBA's 7(a) Loan Guaranty Program?

A: Yes.

QUESTION 34:

To prevent a shutdown of the 7(a) Loan Program during the year, or a rationing of credit to stretch out the volume to the end of the year, as Administrator will you work with our Committee to increase the program level for the 7(a) loan program for FY2017 to more than \$26.5 billion?

A: If confirmed as Administrator, I will eagerly review the financial details of the 7(a) program and work with the committee to determine the appropriate program level.

QUESTION 35:

Will you work with us to develop a budget for FY2018 that also establishes a sufficient program level for 7(a)?

A: Yes.

QUESTION 36:

As a safety net, in cases where the enacted program level is not enough, would you support a proposal from Senator Coons that would give the SBA authority to raise the 7(a) program level by as much as 10 percent, with Congressional notice and final approval by the appropriators? At zero cost, this authority would help calm markets when lending gets close to the authorized level because lenders would know there is a streamlined process available to keep the program from shutting down.

A: If confirmed as Administrator, I will work with the committee to consider this proposal. However, I should note that SBA, working with the Congress, was able to quickly reauthorize the loan levels in the past year.

SBA 7(a) Loan Program- Pilot to Address the “Valley of Death” Pre-Revenue technology startups with proof of concept

An entrepreneur in New Hampshire has been talking to the Senate Small Business Committee and the 7(a) lending industry about addressing a gap in the credit market for pre-revenue small businesses in the technology field. This entrepreneur has called our attention to the lack of loans to technology startups unless they are fully collateralized and/or have demonstrated revenue streams. According to this entrepreneur, banks more willingly underwrite commercial building construction and business equipment and collateralize that construction or equipment without revenue streams. The pre-revenue funding “valley of death” gap severely impacts innovation and job creation in middle, rural and urban America.

QUESTION 37:

As a solution to this serious national economic and job creating problem, would you, after due consideration and investigation, support the piloting of a program to address the “death valley” issue by facilitating the commercialization of promising technologies through the 7(a) Loan Guaranty program?

A: If confirmed as Administrator, I look forward to learning more about this issue.

504 Refi Program and Outreach

The 504 Loan Guaranty Refinance program, known as 504 Refi, helps small businesses in good standing refinance existing commercial real estate debt using the Small Business Administration's 504 loan program. Congress created 504 Refi during the financial crisis when small business lending froze, and small businesses were shut out of traditional financing.

The program was a huge success for the short time it was active – the SBA and its lending partners helped more than 2,300 small firms refinance \$5 billion of small business debt under the program. The program ceased in 2012, even though it was at zero-cost and there was still a significant demand for this type of financing.

I introduced the Commercial Real Estate and Economic Development (CREED) Act to reauthorize this no-cost program and make it permanent. Working together with the House, we re-authorized the program in late 2015. Unfortunately, over the past year, fewer than 100 businesses have been able to get access to this financing.

I'd like your help to make sure the SBA works with 504 lenders to get the policy notices and regulations right so that the program can reach more borrowers who need and qualify for refinancing. Sometimes implementation doesn't quite reflect Congressional intent.

QUESTION 38:

Now that the 504 Refi program is permanent, as you go around the country and meet with small businesses, will you help raise awareness of the program?

A: Yes.

QUESTION 39:

As Administrator, will you urge your staff to work with 504 lenders to get the policy notices and regulations right so that the program can reach more borrowers who need and qualify for refinancing?

A: Yes.

Questions for Mrs. McMahon

Questions from:

Senator Cantwell

Women Entrepreneurs

Ms. McMahon – You have been a successful woman entrepreneur and business leader. You co-founded Women’s Leadership LIVE, to help provide business counseling to women entrepreneurs. Furthermore, you have also shown through your own example that women entrepreneurs can start and grow small businesses into successful international companies.

Today, only five percent of Fortune 500 companies are led by female CEOs, and only sixteen percent of public company board members are women. We need to turn these facts around to grow our economy for all Americans.

QUESTION 1:

What have you learned as a successful woman entrepreneur that can help other women business owners? How do you plan to focus on women entrepreneurs at the U.S. Small Business Administration (SBA)?

A: I founded Women’s Leadership LIVE to share the benefit of the positive and negative lessons I learned in building a small business into a large one. If confirmed as SBA Administrator I will continue my commitment to women entrepreneurs through the SBA mission of access to capital, contracts and counseling.

Today, there are 11.3 million women-owned businesses in the United States, employing nearly 9 million people. By some estimates, over the last decade, the number of women-owned businesses has increased by 45%. At the same time, women entrepreneurs must still overcome the barriers to get access-to-capital, to get access to specialized business counseling, and to get equal access to government contracts. I have been committed to addressing these challenges, and that is why I introduced the Women’s Small Business Ownership Act, cosponsored by former Chairman Vitter and Ranking Member Shaheen, to improve business training and counseling opportunities for women entrepreneurs.

QUESTION 2:

From your perspective, what unique barriers do women entrepreneurs face when starting or growing a business? Will you commit to working with me to try to eliminate the remaining barriers for women entrepreneurs?

- A: If confirmed as Administrator I would be happy to work with you to find the most effective ways to assist women entrepreneurs in their pursuit of their American Dream.

QUESTION 3:

Would you support increasing funding for Women's Business Centers given the rising number of women entrepreneurs across our country?

- A: Like President Trump, I am committed to helping women business owners and will be their voice just as I will for all small businesses as a member of the Cabinet. In addition to Women's Business Centers, all SBA programs are all available to women entrepreneurs. One of SBA's important missions is to educate small businesses, including women, about services that are available.

Last year, for the first time ever, the U.S. Government reached the goal of awarding five percent of federal contracts to women-owned small businesses. However, this achievement was bittersweet since the Commerce Department found that women-owned firms are still twenty-one percent less likely than their male-owned counterparts to win government contracts.

- A: I will work with all applicable federal agencies to set and enforce WOSB contracting goals that meet or even exceed the 5% statutory set-aside requirement.

QUESTION 4:

How do you plan to ensure that women entrepreneurs have equal access to government contracts including large contracts?

- A: First, I must determine whether the underrepresentation is due to the failure of federal agencies to utilize women entrepreneurs or women entrepreneurs not recognizing the opportunities available to them in the federal procurement arena. The former would require greater diligence from the SBA to educate federal agencies on the value of women entrepreneurs. The latter requires the SBA to educate women-owned small businesses, including the use of its entrepreneurial development resource partners, on the opportunities available to women-owned small businesses to participate in the federal government marketplace.

Small Business Exports

More than ninety-six percent of the world's customers live outside of the United States. However, by some estimates only between one and three percent of small businesses export

goods or services and most only export to one foreign market.

At the same time, according to U.S. Government statistics, small and medium-sized companies account for ninety eight percent of U.S. exporters. Therefore, there is tremendous room for growth in small business exports that could drive overall U.S. job creation and economic growth.

SBA's export financing programs, along with the State Trade and Export Promotion (STEP) program, and loan guarantees from the U.S. Export Import Bank provide important tools for small and medium sized exporters.

QUESTION 5:

Will you make it a make it a priority to boost exports by U.S. small businesses?

A: President Trump is committed to increasing American exports and achieving a more favorable balance of trade. To help accomplish this, the SBA must provide America's 28 million small businesses with the support they need to sell their products and services overseas. I am eager to learn more about how STEP and other export promotion programs at SBA are delivering effective export support at efficient expense to the taxpayer.

QUESTION 6:

Will SBA continue to coordinate with the U.S. Department of Commerce, U.S. Export – Import Bank, and other agencies to help address small business export challenges and promote export opportunities?

A: If confirmed as Administrator I plan to continue conversations with my colleagues at the U.S. Department of Commerce, U.S. Export-Import Bank and other agencies to maximize export opportunities for small businesses.

Access to Capital

We must ensure that all small business owners have access to capital in order to start or grow businesses. According to various recent reports, discriminatory lending practices still exist. It is important that underserved communities are able to get capital to start new businesses to create jobs and provide economic opportunities because inclusive economic growth drives the overall U.S. economy.

QUESTION 7:

Will you make expanding access to capital a priority? How can the SBA specifically target small

businesses in underserved communities?

- A: If confirmed, I want to make sure that SBA's loan programs focus on the mission Congress assigned to SBA - providing access to capital for those small businesses that cannot obtain credit elsewhere. In doing so, SBA can use programs like the HUBZone program, its district offices, its lending partners and its network of entrepreneurial development partners to reach out to those in underserved communities regarding access to capital.

QUESTION 8:

How can SBA expand its services and outreach to all minority communities?

- A: If confirmed, I will work with SBA's regional and district offices to ensure all small businesses including those located in minority communities are more aware of the programs and services the SBA offers.

Small family owned sawmills are the economic and social hub of many rural communities. Many of these small mills have been forced out of business, in some cases due to pressure from big business. The SBA in cooperation with the U.S. Forest Service manages a program to assure small business mills have equal access to federal timber. Recently this program has faced many challenges.

QUESTION 9:

If confirmed, can I be assured that you will continue to work towards strengthening the Small Business Timber Set-Aside Program?

- A: If confirmed, I look forward to learning more about the Timber Set-Aside Program and understanding its impact on small businesses.

QUESTION 10:

How can SBA serve rural communities more effectively? How can you expand SBA's outreach to rural areas?

- A: If confirmed, I will work with SBA's regional and district offices to ensure all small businesses including those located in rural areas are more aware of the programs and services the SBA offers.

QUESTION 11:

How will SBA coordinate with other federal agencies that have economic development programs serving rural communities?

A: A point of emphasis in the Trump Administration is for greater collaboration across agencies and departments. As Administrator of the SBA, I will continue to explore opportunities where coordination between government is impactful, effective, and efficient for all small businesses including those in rural communities.

Tech/Innovation

I would like to follow up on a question from Senator Shaheen regarding the possible elimination of the Department of Energy's Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.

The SBIR and STTR programs get a tiny portion (less than four percent) of federal extramural research and development dollars. The other ninety-six percent is allocated to universities, federal labs and big businesses.

QUESTION 12:

Do you support the Heritage Foundation's proposal to eliminate the Department of Energy's SBIR and STTR programs? Please explain your answer.

A: I will need to learn more about the findings included in the report mentioned above before opining on the claims.

QUESTION 13:

If we all agree that job creation is key to continuing the economic rebound, and small business are the job creators, why would we eliminate the only programs at the DoE that provide a level playing field for small firms to explore solutions that could help our country and create jobs?

A: If confirmed, I will explore all existing programs to ensure the SBA is continuing the mission of strengthening small business while creating jobs for the American worker.

QUESTION 14:

Will you commit to fight against sending us a budget or a legislative package that proposes exempting DoE from the SBIR and STTR programs?

A: If confirmed, I will work diligently with the committee to develop a budget that spends precious taxpayer dollars in ways that best supports our mission to help small businesses.

Last year, the SBA invested time and resources into developing a technology toolkit for small businesses.

QUESTION 15:

With the growth of technology in our everyday lives, and the expansion of available technologies to help America's small business be successful, will you plan on continuing to invest the Agency's resources to expand access to good, free tech platforms?

A: If confirmed, I will work to continue to improve SBA's technological infrastructure to streamline and simplify delivery of the Agency's products and services.

Veterans

The Small Business Administration's Office of Veterans Business Development administers several initiatives to support veteran small business owners, current servicemen and women, and their spouses looking to become entrepreneurs once they leave the service.

These programs include Boots to Business, which provided training and education to more than 14,000 transitioning servicemen and women and their spouses in Fiscal Year 2015, and the Veterans Business Outreach Centers, which provided counseling to over 62,00 veterans and their spouses in the last year, as well as programs to help women and service disabled veterans. Several of these programs are not currently authorized under the Small Business Act, and currently operate through appropriations.

QUESTION 16:

What do you see as the most pressing needs for veteran and reservist entrepreneurs?

A: Veterans have answered our nation's call and been willing to give their lives for our nation's freedom. As such, helping them succeed as they transition from military service is of paramount importance to me. If confirmed as SBA Administrator, I will ensure that veterans have access to the capital and education they need to start and grow their businesses.

QUESTION 17:

Will you commit to providing the agency's current initiatives with the necessary support so that they continue to offer robust services to veterans, servicemen and women and their spouses?

A: Ensuring that veterans have all the tools they need to succeed as entrepreneurs is a priority for me. I will take a strong look at our veteran's programs and make adjustments

if required to make sure that our veterans have access to the capital and education they need to start and grow their businesses.

QUESTION 18:

Will you commit to working with this Committee as we develop legislation authorizing these important programs?

A: Yes.

SBA Programs

The SBA's Community Advantage pilot program has been very helpful in providing loan guarantees to reduce risk and increase ability to deploy capital to target populations. We have heard from one nonprofit in WA state, that this tool has helped them achieve 35 deals worth more than \$8.5 million with companies around Washington and Oregon states.

QUESTION 19:

Can we get a commitment that you will support important programs like SBA's Community Advantage program, which helps deploy capital to folks who would not get it otherwise?

A: If confirmed, I look forward to learning about the impacts of the Community Advantage program. It is important that the SBA fulfills its mission of supporting capital access for all of America's small businesses.

The Small Business Investment Company program is doing an exceptionally good job of facilitating job creation by facilitating private capital investment domestically. A recent Library of Congress study performed by Duke and Pepperdine's business schools found about 3 million net new jobs were created by SBIC-backed small businesses. We clearly need more of that in my state and region.

QUESTION 20:

Have you put any thought into how to get more of these entities in the Pacific Northwest?

A: I will continue to make creating jobs a high priority for the SBA across all regions including states located in the Pacific Northwest.

QUESTION 21:

Will you work with me and my office to encourage SBICs from other parts of the country to

invest in Washington State?

A: If confirmed, I will continue SBA's practice of working with SBICs to deliver investment capital to small businesses in Washington state and throughout the country.

Small Business Investment Companies are helping a lot of small businesses grow and create jobs - about 3 million net new jobs according to a recent Library of Congress study. They invest heavily in manufacturing and a good bit in Low and Moderate Income areas (LMI).

QUESTION 22:

What can be done to facilitate more investment in manufacturing and more investments in LMI areas? Will you work with me and my staff to make sure underserved parts of the country can have SBICs too?

A: Access to capital is critical to small business owners and I will ensure that our loan programs remain relevant and accessible to small business owners, including those in manufacturing. The SBA will continue to explore opportunities to best encourage SBIC investing across the entire country including underserved parts of the country.

QUESTION 23:

What is your vision of the role SBA's of private sector resource partners (SBDC, SCORE, Women's Business Centers, etc.) in terms of supporting the small business community and facilitate economic development?

A: Education and training are very important for helping small business owners navigate the regulatory and economic obstacles when starting a company. With its resource partners, SBA will continue to improve the guidance provided to those businesses and help them compete and grow in the marketplace.

QUESTION 24:

How can the private sector work even more closely with the federal government to promote entrepreneurship and small business growth?

A: If confirmed as Administrator, I will look into existing programs where the SBA works with private sector business leaders and explore potential opportunities of how and where the SBA can further promote small business alongside the private sector.

General SBA Questions**QUESTION 25:**

The SBA has a broad array of programs and partners who aid small business. Would you commit to consulting with those partners before initiating new programs and services, in the interest of making sure SBA isn't duplicating or impeding existing programs, as well as confusing the marketplace?

A: It is my goal to be as transparent and inclusive as possible in all decisions that I would make as Administrator and I would actively solicit input from stakeholders as appropriate.

QUESTION 26:

Would you commit to consulting with private sector partners and Congress before eliminating any existing SBA programs or services?

A: It is my goal to be as transparent and inclusive as possible in all decisions that I would make as Administrator and I would actively solicit input from stakeholders as appropriate.

QUESTION 27:

What is your vision of the SBA's role in terms of supporting the small business community and facilitating economic development?

A: If confirmed, I will work hard to ensure the SBA fulfills all of its duties: as a deliverer of capital, contracting, and counseling services to small businesses and as an advocate for small business interests within the federal government.

Questions for Mrs. McMahon

Questions from:

Senator Heitkamp

QUESTION 1:

One of my top priorities in the Senate is ensuring that rural startups have access to capital. As I touched on during our meeting, I continue to hear over and over from North Dakota's budding entrepreneurs about the challenges they face with access to seed capital and low dollar investments in their businesses.

These businesses are often tech companies or fledgling startups without brick and mortar collateral that seem to be falling through SBA's programming net. I strongly believe that entrepreneurship and innovation shouldn't be limited to large cities in large states and think we need to do a better job of supporting the unique needs of startups and, in particular, startups in states with smaller populations and a lack of Venture Capitalists and Angel Investors. Because of that, I introduced the Startup Entrepreneur Empowerment Delivery (SEED) Act last congress, and plan to do so again this congress, to establish a pilot program aimed at getting these small dollar investments into communities of fewer than 200,000. This is a start, but I know we can do more.

Can you tell me your vision for how SBA can better support startups in communities like Fargo, North Dakota or Grand Forks, North Dakota? How can SBA become more innovative to capture the newest generation of entrepreneur which looks a lot different than an entrepreneur 20 years ago?

A: The SBA's Small Business Investment Company program is designed to provide some funds to successful startups. By making the rules governing the application process more transparent, it could provide incentives for investors currently located in North Dakota to create these Small Business Investment Companies. I expect to engage with a wide variety of potential investors as well as legislators from both parties to determine how the SBA can best leverage its programs to identify and assist these rapidly growing businesses.

QUESTION 2:

I have long been a strong supporter of women owned businesses and female entrepreneurs. I am extremely proud that the North Dakota Women's Business Center was recognized as the 2016

Women's Business Center of Excellence Award by the SBA. North Dakota was also recently ranked number one in growth of women owned businesses. In fact, just since 1997, North Dakota women owned businesses have grown over 89 percent, now accounting for about one third of all small businesses in my state.

This is great progress but in order for these numbers to continue to grow, we need to reauthorize and increase funding for the Women's Business Center Program. Last Congress, I joined my colleague, the leader on this issue, Senator Cantwell and then Chairman Vitter and Ranking Member Shaheen on a bipartisan bill to reauthorize funding for these successful Women's Business Centers like the one in North Dakota.

As Administrator, can we count on your commitment to Women's Business Centers and the programs that we know work at bolstering and supporting women owned businesses?

A: I have done significant work in trying to help women entrepreneurs establish and grow their businesses and certainly understand the needs of women entrepreneurs. First, all of the SBA entrepreneurial development partners must be attuned to the needs of women small business owners. Second, Women Business Centers certainly will play an important role in demonstrating the best practices needed to educate and train our next generation of women small business owners. Finally, if there are areas underserved by existing women's business centers, I would work with Congress to find mechanisms to increase coverage in those areas.

Questions for Mrs. McMahon

Questions from:

Senator Inhofe

QUESTION 1:

The fintech industry works with small businesses all over the country as well as the Small Business Administration to ensure that small businesses have access to the capital essential to running their day to day operations. I would encourage the SBA to continue engaging with the fintech industry and maintain a dialogue to better serve the small business community. How do you envision the fintech / SBA relationship going forward?

- A: There have been significant changes in the delivery of financial products during the past twenty years. I would expect to start a dialogue with the fin/tech industry to determine whether SBA processes or regulations need updating to encourage greater use of SBA financial programs by the fin/tech industry. To the extent that these changes require legislative action, I would work with Congress to make appropriate changes to the Small Business Act and Small Business Investment Act of 1958.

QUESTION 2:

In past reports to this committee (See GAO Report 15-54 to Senate Committee on Small Business, 10/8/14), the GAO has indicated there is significant fraud in small business government contracting programs such as the woman owned small business program, among others. Fraud could potentially cause inaccurate reporting by agencies which can misrepresent the scope of these programs. What steps will you take to ensure that programs like these and others are being awarded appropriately?

- A: Fraud should never be tolerated. I will need to understand where the processes in SBA contracting programs have weaknesses that may create openings for fraud. I will work diligently to remediate those processes and, if statutory changes are needed, make those requests to Congress. Given the amounts of goods and services purchased from small businesses, we also must rely on other federal agency contracting officers to recognize and report fraud in the small business lending programs. I would expect to work with these agencies and educate them on the scope of SBA contracting programs so those agencies can be an additional set of eyes and ears in helping the SBA root out fraud. This educational process would have the additional benefit of making federal contracting officers more aware of the opportunities to satisfy their needs by utilizing small businesses.

Questions for Mrs. McMahon

Questions from:

Senator Booker

7(a) Loan Program

SBA loans play a critical role in providing financing for many business owners throughout the nation. Before the 2008 recession, African American owned small businesses received 8.2% of all loan money through the 7(a) SBA loan program. A report released by the Urban Institute, however, found that in FY2016, only 2.2% of 7(a) loans went to African American business owners.

QUESTION 1:

As the Administrator of the SBA, how will you prioritize lending that is consistent with the demographic makeup of our nation's small business community?

A: The SBA exists to serve all American small business owners, regardless of their location or demographic characteristics. If confirmed as Administrator, I will work tirelessly to increase awareness of SBA's capital programs, particularly among underserved communities. I want all Americans from all walks of life to know that the SBA stands ready to assist them with starting and growing their small businesses.

Data Collection on Small Businesses

Under Dodd-Frank, the SBA was instructed to work with the Consumer Financial Protection Bureau on Section 1071, which would collect data on small business lending to ensure that banks were lending to small businesses run by women and minority-entrepreneurs

QUESTION 2:

Do you support the collection of data by the CFPB to inform the number of women- and minority-owned small businesses receiving loans?

A: I will ensure that SBA is complying with all laws and will look into our current compliance and make adjustments as required.

Improving Conditions for Minority and Women-Owned Small Businesses

Since I arrived over three years ago in the United States Senate, one of my key goals for this committee has been to increase the number of African American, Latino, and Women

entrepreneurs as well as ensuring that our veterans have the tools they need to pursue their passions and thrive.

Under your predecessor, the SBA has made great strides in extending more loans to entrepreneurs of color, running Women Business Centers, and other vital initiatives. Given your current work in the non-profit space, I want to hear more about your thoughts on what role the SBA should play.

QUESTION 3:

Given your background in business, what do you believe government should be doing more of to improve the number of minority and women-entrepreneurs?

A: We should work hard to ensure that our regulations are not causing undue burden to Americans, particularly women and underrepresented groups. In addition, we should ensure that our products are accessible to all people, regardless of race, creed or gender.

An SBA study found that 2 in every 3 (67%) net new jobs are created by small businesses that are expanding their operations. SBA programs such as Emerging Leaders and Scaleup America assist business owners expand their operations and create more local jobs, primarily in underserved communities.

QUESTION 4:

How do you plan to help business owners expand their businesses, and will you support existing programs that help underserved entrepreneurs grow their businesses?

A: I look forward to learning more about current SBA programs and adjust programs as necessary to ensure that small businesses have all the tools they need to start, grow and succeed.

A report by the Department of Commerce highlights that average revenues for minority owned small businesses total \$179,000. In comparison, non-minority-owned firms have average revenues of \$490,000.

QUESTION 5:

How can the SBA help address this disparity that negatively affects job creation in underserved communities?

A: One of the primary roles of the SBA is to provide education to all small business owners

to ensure that they are equipped with the tools they need to increase revenues and profitability. We will continue to work hard to help small businesses start, grow and succeed.

The SBA recently added one of the most visible LGBT inclusion and outreach initiatives in the federal government. As a result, programs such as Many Faces/One Dream and the LGBT Business Builder, in partnership with the National Gay and Lesbian Chamber of Commerce, has dramatically changed the LGBT small business community's access to capital and reinforced the mission of the SBA as one representing all small businesses. The same rings true for SBA programs that work with Americans with disabilities who are working to grow their small businesses. As you are probably aware, people with disabilities are twice as likely to be self-employed as people without disabilities.

QUESTION 6:

Will these programs, which support America's estimated 1.4 million LGBT business owners, as well as businesses started by people with disabilities, continue under your leadership and remain an integral part of your SBA diversity strategies?

A: As Administrator, I look forward to learning more about these programs and determining how the SBA can best deliver its services to all American small business owners, including those who have disabilities or are members of the LGBT community.

Small Business and the Affordable Care Act

A report released this month by the Treasury noted that "In 2014, 1.4 million Marketplace consumers were self-employed, small business owners, or both, indicating that about one in five 2014 Marketplace consumers was a small business owner or self-employed."

QUESTION 7:

Do you support policies that allow aspiring entrepreneurs and small business owners to have health insurance coverage while they are working to grow their business?

A: As a small business owner I know first-hand how excessive regulations can stymie a businesses' ability to offer benefits like health insurance coverage. Giving business owners the ability to choose the best path toward that end will allow them to obtain and offer insurance benefits as they are working to grow their businesses.

A report released this month by the Treasury noted that "Among small business owners and

other independent workers, those with annual incomes below \$65,000 were the most likely to rely on the Health Insurance Marketplace, making them eligible for tax credits to help keep coverage affordable. About 65 percent of small business owners and 69 percent of all self-employed or independent workers have incomes below \$65,000.”

QUESTION 8:

Given that many small business owners rely on the Health Insurance Marketplace for insurance, do you support policies that allow small business owners to receive tax credits for health insurance while they are working to grow their business?

- A: If confirmed as Administrator, I will work with my colleagues at the Departments of Treasury and Health and Human Services to identify the best options to provide a clear opportunity for small business to access health insurance.

Diversity in Venture Capital

One area that continues to be an issue is lack of access to capital for many entrepreneurs of color and women entrepreneurs. The Small Business Administration notes in a recent 2016 report that though venture capital investment topped \$48 billion in 2014, but less than seven percent of venture capital in the United States is invested in women founders. Only around one percent of all venture capital is invested in African-American founders.

QUESTION 9:

What efforts can the SBA engage in to have allow for more transparency about the demographic breakdown of workers at venture capital firms? How can the SBA incentivize firms to diversify their workforce as well as extend loans to entrepreneurs of all backgrounds?

- A: SBA works closely with fund manager teams within the SBIC program. We will continue to make SBICs aware of the benefits of diversifying their teams and their investments.

QUESTION 10:

How will you use SBA programs such as the Small Business Investment Company (SBIC) or other initiatives to address the lack of venture capital flowing to minority and women entrepreneurs?

- A: While we do not control the investments that SBICs make beyond statutory requirements within the program, we will continue to make SBICs aware of the benefits of diversifying their teams and their investments.

QUESTION 11:

Will you commit to this committee that you will work with us to research and implement policies that will increase access to venture capital for women, African-American, and Latino entrepreneurs?

A: I look forward to working with the members of this committee to find ways to ensure access to capital for all people.

Government Contracting

The annual Small Business Scorecard is an assessment tool to (1) measure how well federal agencies reach their small business and socioeconomic prime contracting and subcontracting goals, (2) provide accurate and transparent contracting data, and (3) report agency-specific progress. The prime and subcontracting component goals include goals for small businesses, small businesses owned by women, small disadvantaged businesses, service-disabled veteran-owned small businesses, and small businesses located in Historically Underutilized Business Zones (HUBZones).

Additionally, various partnerships and memorandums of understanding (MOUs) with leading diversity organizations, including those groups that comprise the National Business Inclusion Consortium (NBIC): The National Gay & Lesbian Chamber of Commerce (NGLCC), the U.S. Black Chambers Inc. (USBC) the U.S. Business Leadership Network: Disability at Work, (USBLN) the U.S. Hispanic Chamber of Commerce (USHCC), the U.S. Pan Asian American Chamber of Commerce (USPAACC), the Women's Business Enterprise National Council (WBENC), and WeConnect International have ensured greater access for America's diverse business communities. Every two years, the SBA works with each agency to set their prime and subcontracting goals and their grades are based on the agreed upon goals.

QUESTION 12:

What steps will SBA take under your leadership to modernize the scoring process, uphold or increase goals across the federal government, become more inclusive, and ensure transparency in the scoring and accountability process? Additionally, how will future scorecards be used in ensuring more prime government contracts be awarded to small, diverse-owned companies?

A: Before attempting any update to the scoring process, I need to understand where the problems are in obtaining the appropriate data, including working with other federal agencies to try and correct these data deficiencies. To the extent that Congress has modified or directed the SBA to calculate these scores in a particular manner, SBA will, with all deliberate speed, implement those regulatory changes in a transparent manner with input from all affected parties, including various diversity organizations. With these changes to data collection and the regulatory regime, I would expect that the scoring

process will be more transparent and increase accountability. Finally, I would hope to use my position in the Cabinet as an advocate for making sure that the other agency heads hold their personnel accountable for failing to meet these goals.

Management of the Small Business Administration

I appreciate your testimony in regards to how you plan to use your previous experiences to operate the Small Business Administration.

While the Senate has disagreements over policy and is currently engaging in some truly important fights, one area where we have always come together is to support the spirit of our entrepreneurs and working together to craft policies to grow small businesses across the country.

I have a few questions about how you plan to manage the SBA:

QUESTION 13:

In the past, you have mentioned that you wish to revamp the Small Business Administration. Do you believe that small businesses issues should be a cabinet level agency?

[If yes] I am glad to hear that. In the past you have suggested that the SBA should be altered in some form. What has made you change your mind?

[If no] Can you expand on that? Do you believe that small businesses as the driver of much of our economic growth should not have a seat at the table?

A: As I mentioned during the confirmation hearing, I believe the SBA should be a stand-alone agency that serves as the voice of small business at the Cabinet level. The President has shown his commitment to small business by retaining the position as at that level, and it is a role I am honored to accept if confirmed.

QUESTION 14:

Studies have shown that the rate at which American entrepreneurs are launching new enterprises has greatly declined over the past thirty years. In 1970, almost 15 percent of businesses were less than a year old. By 2011, that number was less than 10 percent. Why do you think that the number of small business starts have slowed, and as Administrator what would you do about it?

A: Any slowdown in the formation of small businesses would cause deep concern for me. As Administrator, I will vigorously investigate the potential causes for this slowdown and deploy SBA resources in response to jumpstart new business formation and promote

entrepreneurship in all American communities.

Additionally, last week I asked Wilbur Ross, the President's nominee for the Secretary of Commerce position about his views on the continuation of the Minority Business Development Agency (MBDA). He stated "I strongly support the objectives of the MBDA and will try to increase public awareness of the assistance MBDA can provide."

QUESTION 15:

How do you view the SBA's role in continuing or expanding interagency efforts to support minority-owned businesses, enable their growth and each business's ability to create jobs. Specifically, will the SBA continue to work with the MBDA at the Department of Commerce?

A: Interagency cooperation is essential to providing citizens with the highest quality services while ensuring that precious taxpayer dollars are not used wastefully on duplicative efforts. As Administrator, I look forward to working closely with MBDA and the Secretary of Commerce to collaborate on all efforts to promote entrepreneurship in minority communities.

Disaster Relief Efforts

As a former mayor and one of New Jersey's Senators, I continue to be grateful for the efforts made by the Obama Administration and the SBA in the aftermath of Superstorm Sandy that took place in 2012.

In the years since, I have worked with my colleagues on the other side of the aisle to secure funding for small businesses negatively impacted by the damage caused by Sandy. Thanks to this Committee's efforts, we streamlined the process for applying for SBA disaster relief loans following major disaster events.

Your predecessor did a fantastic job ensuring that areas hit across the country from Louisiana to New Jersey were handled efficiently and effectively following disaster relief. Applications are being processed more quickly, the SBA is moving officials to hard-hit areas, and the program itself is functioning far better than it was before.

QUESTION 16:

Will you commit to making the continued success of the disaster relief loan program a high priority?

A: If confirmed I will work tirelessly to do everything possible to provide relief for those

who have lost and suffered in the wake of any disaster.

QUESTION 17:

What experience do you bring to the oversight of this vital program?

A: As the CEO of a large corporation, I have overseen a large number of programs and employees. If confirmed, I will use my experience to work to ensure that all Americans receive the support they need.

Small Business Administration Programs

QUESTION 18:

Approximately 60% of formerly incarcerated individuals remain unemployed one year after their release, raising the risk of recidivism and exacerbating the economic instability of the household. Will you support existing SBA programs like the Aspire Entrepreneurship Initiative that expand access to entrepreneurial education and microloans for formerly incarcerated individuals?

A: As SBA Administrator, I will closely review the program. The Trump Administration will work to expand small business opportunities for all Americans, including disadvantaged communities.

Independent Contractors

During the hearing, Senator Duckworth asked you about the Worldwide Wrestling Entertainment's (WWE) practice of designating wrestlers as independent contractors (ICs).

The concern many share is that by designating individuals who should be classified as employees as independent contractors may result in their not being eligible for retirement programs or having access to healthcare.

QUESTION 19:

Can you clarify for the committee the history on the use of ICs by the WWE? How many individuals were classified as such, and what was the rationale behind these classifications?

A: Throughout the entire history of the professional wrestling entertainment industry, all performers have been designated as independent contractors. As stated in a previous response, WWE provides full medical coverage for any injury that occurs in the ring or related to the individual's work-related rehabilitation and time off, as well as continuation of contractual commitments to that performer during the injury. Counseling is also given

to our contractors relative to financial planning regarding taxes and retirement plans. Compensation for development talent typically begins at \$60,000+ per year, and main roster talent earns from \$350,000 up to seven figures for their performances. Contracted talent participates in royalties on products that bear their image and likeness, and there is no cap on what they can receive.

QUESTION 20:

As SBA Administrator, what will you do to ensure that small business owners and their employees are classified properly?

A: I would make sure that small business owners are directed to proper agencies including the Internal Revenue Service for proper classification of their workers.

SBA Growth Accelerator Fund Program

There are many ways that an idea from an entrepreneur can grow into a small business. One such way that I have been a strong proponent of is through the use of accelerator programs.

These programs provide the founders of early-stage companies with the necessary mentoring, financing, education, and technical assistance to get off the ground. Accelerators across the nation have grown at an ever increasing rate over the past eight years. Often, capital has been concentrated in well-known technology hubs like San Francisco or New York.

The Growth Accelerator Fund (GAF) program gives funding to accelerators in other parts of the country that have limited access to capital and expertise. At the end of 2016, the SBA announced over \$3.4 million in prize funding for accelerators in 32 states across the country.

QUESTION 21:

This program has helped to support a startup culture that helps places all over the country, including my home state of New Jersey where accelerators have won prize money over the years. Will you commit to the continuation of the Small Business Administration's Growth Accelerator Fund Program?

A: In recent years, many successful companies have come out of accelerator programs. As the Administrator of the SBA, I will evaluate the impact of the Growth Accelerator Fund and consider the continuation of the program.

QUESTION 22:

Given the importance accelerators play in developing entrepreneurial ecosystems, how do you

plan to grow the number of SBA-backed Accelerators in rural communities, which often do not have access to the same quality of mentorship and access to capital that coastal entrepreneurial hubs have?

A: I will explore solutions and programs that will give all small businesses in both urban and rural communities access to the proper resources to better grow their businesses.

QUESTION 23:

What plans do you have to assist the local small business communities that have faced significant job loss due to manufacturing plants being outsourced to other countries?

A: Creating American jobs is a high priority for the Trump Administration. At SBA, we will work diligently to provide the proper capital and counseling to give small business the ability to compete on a global playing field.

Questions for Mrs. McMahon

Questions from:

Senator Coons

QUESTION 1:

The National Academies of Sciences, Engineering and Medicine's report on innovation and diversity released in 2015 showed that there has been a ten year decline in the number of SBIR/STTR awards to minority-owned small businesses and awards to women-owned small businesses have plateaued. What more can we do to support women and minority-owned small businesses through the SBIR and STTR programs?

A: I will look into the SBIR and STTR programs to ensure that all Americans have equal opportunities to access these grants.

QUESTION 2:

Equity funding is an important source of capital for startups and small businesses. Yet three states (California, Massachusetts, and New York) receive 78% of venture funding. There are innovators and entrepreneurs across the country with great ideas that would benefit from better access to early-stage capital funding. What more can we do to foster development of regional innovation ecosystems outside of the traditional hotbeds of California, Boston, and New York.

A: Geographic diversity is essential to the growth of entrepreneurship and innovation that drive our economy. I look forward to learning more about the SBIC program to find ways to increase awareness about this program throughout the country.

QUESTION 3:

The Department of Commerce's Manufacturing Extension Partnership (MEP) program is one of the most important federal efforts to grow manufacturing in the United States. SBA's Small Business Development Centers have collaborated widely with MEP Centers and other complementary federal programs on a wide variety of efforts such as cluster development initiatives. This is a good example of where coordination across government is so important. What can you do as Administrator to support and grow collaboration across federal programs?

A: The Trump Administration has stated there is an opportunity for greater collaboration across agencies and departments. As Administrator of the SBA, I will continue to explore

opportunities where coordination between government is impactful, effective, and efficient.

Questions for Mrs. McMahon

Questions from:

Senator Hirono

Resources for SBA Field Offices

Supporting and maintaining connections with local small businesses and the community are essential for SBA's field offices and on-the-ground staff to support SBA's mission and help promote local businesses in different parts of the country. Good staff is essential for agencies like SBA to do its job, yet yesterday the President signed an Executive Memorandum calling for a hiring freeze for the federal government. These kinds of actions don't encourage high morale for our federal workers.

QUESTION 1:

As SBA Administrator, will you commit to ensuring that adequate resources will be available to the SBA field offices including for developing human capital, travel, and training to promote, deliver, enhance program utilization and benefit local communities?

A: The SBA's field offices are vitally important in providing the Agency's connection with local small businesses and entrepreneurs. If confirmed, I will ensure that field offices have adequate resources to deliver programs and services effectively. Training of staff and enhanced communication will be important to promote and deliver SBA's programs to local communities.

Support for Small Manufacturers

Hawaii is not generally considered a manufacturing base. However, Hawaii's 13 small and independent breweries have helped generate approximately \$231 million in economic impact in Hawaii and create both manufacturing and service sector jobs locally.

QUESTION 2:

As head of the SBA, will you work to help small American manufacturers to grow, thrive, and compete both domestically and internationally?

A: Growing manufacturing businesses and increasing jobs are very important to the President and me. If confirmed, I will work to help small manufacturers thrive and compete effectively in the global marketplace.

Small Business Cybersecurity

As economy becomes more digital, protecting intellectual property, customer data, and other systems is increasingly important for American businesses—especially small ones.

However, cybersecurity measures can be complex and expensive.

QUESTION 3:

If you are confirmed as SBA Administrator, will you commit to reviewing the SBA's current programs and authorities and communicating to this Committee what ideas and resources SBA may have—or need Congressional approval for—in order to help small businesses become more cyber-secure?

- A: I would expect to review all of the SBA's programs and how they provide assistance to small businesses, including addressing cybersecurity matters. As a member of the Cabinet, I would expect to request the expertise of the Department of Homeland Security, which has primary responsibility for cybersecurity in the United States. To the extent that the SBA needs additional resources or requires appropriate reallocation of resources that require Congressional approval, I would submit such ideas to Congress and work with Congress to craft an appropriate solution.

Women in STEM

Women make up over half the U.S. population—but only a quarter of the STEM workforce. This past summer I held a hearing in Maui where we examined the “STEM Pipeline” for women and minorities from preschool to careers in STEM fields.

QUESTION 4:

As an entrepreneur and former State Board of Education member, how do you intend to use SBA's resources to help get more women and minorities interested in STEM fields, help them succeed in earning degrees in those fields, and ultimately encourage them to pursue entrepreneurial careers in those fields?

- A: If confirmed I will encourage all Americans to follow educational pursuits that best suit their abilities to succeed, including STEM, which has an important role in America's future.

Federal Contracting Goals

Access to federal contracts is important to small businesses in Hawaii and across the country. Unfortunately, contractors and advocacy groups have raised concerns that the government inflates the share of contracting dollars awarded annually to small firms, masking serious

problems in the procurement process that prevent small businesses from securing more government work independently of big companies.

QUESTION 5:

If confirmed, will you ensure that the Federal Government is meeting the subcontracting goals that Congress has put into place? Will you work to advance additional opportunities for small businesses—particularly in places like Hawaii—have an even playing field for federal contracts?

A: Before making any changes in the subcontracting programs, I will need to understand why the subcontracting goals are not being met. Once I understand where the problems are, the SBA will work diligently to correct those problems. To the extent that the SBA needs to modify its regulations governing subcontracting plans and goals, I will endeavor to make those changes forthwith. In addition, I would expect that SBA will make efforts to educate federal procurement officials on the subcontracting and subcontracting goals to ensure that large contractors are meeting the subcontracting objectives laid out in the Small Business Act.

It is the statutory responsibility of the Administrator to make sure that small businesses obtain their fair share of federal procurement opportunities wherever those businesses are located, including Hawaii. To the extent that SBA resources may need reallocation to improve opportunities in Hawaii, I would work closely with your office in determining the best way to reallocate those resources given the other constraints and demands on the SBA budget.

7(a) Loan Program

The 7(a) loan guaranty program is the SBA's flagship loan program. Lenders issue loans under the program with a partial guaranty from SBA. Businesses use the 7(a) program to fund working capital and other critical needs to small businesses, and the SBA provides a backstop by guaranteeing this loan in case the borrower defaults. SBA programs like 7(a) have seen an increase in usage by small businesses. Last year, the 7(a) program was in danger of reaching the statutory cap limit and Congress had to pass emergency legislation to extend the life of the program.

QUESTION 6:

Do you support capital access programs like the 7(a) program? How do you plan to work with Congress to ensure that we expand and extend these programs?

A: I support SBA's 7(a) program. My experience as a small business owner has taught me the importance of being open to new ideas. As Administrator, I will never stop looking

for ways to better serve America's small businesses and I expect many exciting proposals will emerge from my close collaboration with members of Congress.

Small Business Innovation Promotion

The U.S. is a global leader in technology and innovation. Many great ideas come from small firms. However, getting a good idea from the garage to the lab to the market can be a challenge.

The federal government assists through the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, which set aside a certain percentage of federal research and development funds for small businesses.

These programs help small firms to support federal research priorities. This year, two Hawaii companies, Makai Ocean Engineering and Referentia Systems, won the SBA's Tibbetts Award, which is given annually to outstanding small businesses that participate in these programs.

Both of these important programs were renewed through 2022 this past year. While this is good news, some in Congress and the small business community have called for increasing the allocations for these programs.

QUESTION 7:

Will you work to ensure that federal agencies follow through on their SBIR/STTR commitments to small businesses? Do you support increasing the amount of funding set aside by federal agencies to support small business research and development, or other enhancements or changes to the program?

A: One of my most critical responsibilities as Administrator would be to certify that all federal agencies are compliant with statutory commitments to help support small businesses. I take this responsibility very seriously and will actively work with agencies to help them better meet or even exceed their small business contracting requirements.

State Trade Expansion Program (STEP)

Hawaii is the gateway to the Asia-Pacific, and the State of Hawaii has used resources under the SBA's STEP program to create the Hawaii State Trade Expansion Program or "HiSTEP."

The HiSTEP program partners with the private sector to give Hawaii small businesses access to comprehensive export assistance, counselling and training, and supports opportunities for Hawaii businesses to showcase their services and products at trade shows. The HiSTEP program helps Hawaii small businesses to learn about and create new opportunities for exports and trade.

I was proud to vote in favor of creating the STEP program in 2010, and have supported funding

for it since, including renewing the program through 2020 in legislation enacted in 2015. Even though the program has been extended, each year the President must request funding for it as part of his budget.

QUESTION 7:

Will you continue to support the STEP program as part of the Administration's annual budget request, and will you work with Congress to use the resources of the SBA to continue to promote small businesses in the trade and export area?

- A: President Trump is committed to increasing American exports and achieving a more favorable balance of trade. To help accomplish this, the SBA must provide America's 28 million small businesses with the support they need to sell their products and services overseas. I am eager to learn more about how STEP and other export promotion programs at SBA are delivering effective export support at efficient expense to the taxpayer.

Minority Small Business Contractors

The 8(a) Minority Small Business and Capital Ownership Development Program is for businesses owned by persons who are socially and economically disadvantaged. A firm certified by the SBA as an 8(a) firm is eligible for set-aside and sole-source contracts. In Hawaii, we have had great success with Native Hawaiian Organizations (NHOs) integrating into the business community.

QUESTION 8:

Do you support minority contracting programs like the 8(a) program?

- A: I believe that all small businesses should have opportunities to provide goods and services to the federal government. Certainly the 8(a) program can be effective in carrying out that mission for some in the minority community. I would like to see whether there are other avenues by which the SBA can increase participation in the federal marketplace by minority groups.

HUBZones

The SBA's Historically Underutilized Business Zone (HUBZone) program principal office in a designated area that qualifies for the program by meeting criteria including low median income and high unemployment.

HUBZone areas rely on the designation to improve their local economies and create jobs. This can take time, and the program uses a grandfathering period to ease businesses out when the socio-economic factors in their area improve.

However, as we are learning in Maui County, Hawaii, which is scheduled to lose its designation in 2018, the current period is too short to give businesses the certainty they need to remain strong and sustainable.

QUESTION 9:

Will you commit to extending the grandfathering period to ensure greater economic certainty for businesses in our communities that need it most?

A: It is my understanding that the grandfathering period for the HUBZone program is set by the Small Business Act. If confirmed, I plan to examine how the program is operating, and would also be pleased to work with you and the Committee on any necessary changes to the Small Business Act.

Veteran Owned Small Businesses

Recent Congressional testimony from veteran service organizations have highlighted problems with veterans obtaining access to SBA lending programs. For example, a representative of the American Legion testified at a congressional hearing that being turned down for a SBA Patriot Express loan by a private lender "is probably the largest, most frequent complaint that we receive from our business owners."

Though the SBA has praised its own efforts to streamline the loan application process for veterans, it still is not translating to better access to capital for veterans trying to start a small business.

QUESTION 10:

Do you believe the SBA has done enough to support veteran owned small businesses?

A: Helping veterans succeed as entrepreneurs is a priority for me. I look forward to learning more about the veterans' programs that SBA currently offers to ensure that they are receiving all of the help we can provide as they start and grow their businesses.

General SBA Lending Programs

SBA lending has provided capital to small businesses across the nation through multiple

financing tools to meet a range of different small business needs where capital may not be available or available at reasonable rates/terms. The loan programs help small firms grow, create jobs, develop new innovations and have provided funding for many business owners who are now household names. SBA Lending has hit record levels in the last several years.

QUESTION 11:

Will you continue the support SBA loan programs and the growth of these programs?

A: Access to capital is critical to small business owners and I will ensure that our loan programs remain relevant and accessible to small business owners.

Support for Small Manufacturers

Many small manufacturers across the country rely on competitive pricing and innovation in equipment used to produce their goods; in some cases, there are not USA manufacturers for certain equipment.

A: As a member of the Cabinet, I would educate the individuals tasked with the United States trade agenda to examine the impact of any trade negotiations on small businesses and their access to competitively priced equipment only available from other countries.

QUESTION 12:

What relief, if any, would you support or seek to be made available through the SBA to small businesses should the potential tariffs placed on goods make this equipment no longer affordable?

A: President Trump is committed to increasing American exports and achieving a more favorable balance of trade. Should I be confirmed, I will work closely with officials from across the Administration to support the interests of small businesses with respect to trade policy.

FROM: Senator Edward J. Markey

SBIR

Twenty- five percent of key innovations come from originate with the SBIR program.

A GAO report conducted as a result of the 2011 SBIR reauthorization found that 8 of the 11 agencies participating in the Small Business Innovation Research (SBIR) program and 4 of the 5 agencies participating in the Small Business Technology Transfer (STTR) program did not consistently comply with spending requirements for fiscal years 2006 to 2011. ¹\$80 million dollars were underspent over six years – 450 SBIR/STTR awards were lost over six years. . I ask unanimous consent that a GAO report outlining this problem be included in the record.

As SBA Administrator, how would you address this problem?

A: As Administrator, I would look into the reasons why small business opportunities in any program are not being fully accessed. I will work with my Executive Branch colleagues to ensure that their R&D programs are complying with the SBIR/STTR program parameters, including working with them to ensure that broader areas of research are included and to enable a wider array, geographically and topically, of small business applications for SBIR/STTR grants.

Whistleblower rights

During Mr. Trump's campaign, there were reports that even volunteers were required to sign non-disclosure agreements. After his election, President-elect Trump's team demanded lists of career officials who worked on climate science issues at the Energy Department and women's and gender issues at the State Department. It is against the law to retaliate against career officials for following lawful policy directives. It is also against the law to interfere with career employees communicating with Congress. I ask unanimous consent that a summary of these laws be included in the record.

Any suggestion that the incoming administration is targeting career officials for retaliation simply because they worked on policies that the new President disagrees with threatens to create

¹ <http://www.gao.gov/assets/670/669650.pdf>

a chilling effect on employees who are simply trying to do their jobs.

· If you are confirmed, will you commit to protect the rights of all career employees of the SBA, including their right to speak with Congress?

A: If confirmed, I will honor my oath to protect the Constitution and the rights it affords to American citizens, including SBA personnel.

· Will you commit to communicate employees' whistleblower rights via email to all SBA employees within a week of being sworn in?

A: If confirmed, I will work with the Office of General Counsel and the Ethics officials to communicate whistleblower protection rights to SBA employees.

For record:

5 U.S.C. § 7211, provides that: The right of employees, individually or collectively, to petition Congress or a Member of Congress, or to furnish information to either House of Congress, or to a committee or Member thereof, may not be interfered with or denied. Pursuant to 5 U.S.C. § 2302(b)(8), it is a violation of federal law to retaliate against whistleblowers. That law states: Any employee who has authority to take, direct others to take, recommend, or approve any personnel action, shall not, with respect to such authority ... take or fail to take, or threaten to take or fail to take, a personnel action with respect to any employee or applicant for employment because of. ... (A) any disclosure of information by an employee or applicant which the employee or applicant reasonably believes evidences-- (i) a violation of any law, rule, or regulation, or (ii) gross mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety, any disclosure to the Special Counsel, or to the Inspector General of an agency or another employee designated by the head of the agency to receive such disclosures, of information which the employee or applicant reasonably believes evidences a violation of any law, rule, or regulation...

" In addition, pursuant to 18 U.S.C. § 1505, it is against federal law to interfere with a Congressional inquiry: Whoever corruptly, or by threats or force, or by any threatening letter or communication influences, obstructs, or impedes or endeavors to influence, obstruct, or impede the due and proper administration of the law under which any pending proceeding is being had before any department or agency of the United States, or the due and proper exercise of the power of inquiry under which any inquiry or investigation is being had by either House, or any committee of either House or any joint committee of the Congress.

Cybersecurity

As we have seen in recent months, cybersecurity has become one of the gravest security, economic, and privacy threats facing our nation today.

I am concerned that small businesses are a particularly target rich environment for hackers. Small businesses have valuable resources and proprietary information, but may not have cybersecurity protections like fortune 500 companies.

Mrs. McMahon, do you agree that cybersecurity represents a great threat to small businesses today?

A: Cybersecurity is of great importance to all businesses large and small. Small businesses are particularly vulnerable as they often cannot afford the technical support of larger firms.

Would you support legislation establishing a cyber security labeling program – call it Cyber Shield – that rewards businesses that adhere to the best cybersecurity and data security practices, and ensures that consumers and small businesses have the information they need to identify the most secure devices?

A: As I understand it, the Defense Authorization Act required the SBA, Department of Homeland Security and the Small Business Development Centers (SBDCs) to work together to address cyber security training for small businesses. This cooperation should provide small businesses the tools they need to be more effective with their cybersecurity.

Climate change

Will you commit to ensuring that American small businesses have the tools and resources available to them to properly prepare for the impacts of and respond to climate change?

Clean energy and energy efficiency standards are helping lower energy costs for small businesses and consumers and creating jobs. In Massachusetts, we have over 100,000 people employed in the clean energy sector. Will you commit to developing and supporting policies at the SBA that help clean energy and clean technology small businesses and entrepreneurs to receive the tools they need to get their businesses off the ground?

- A: The SBA stands ready to support all small businesses that satisfy the appropriate size requirements, including businesses in the clean energy industry. The opportunities for small business in energy efficiency and clean energy technology and services are myriad and present additional avenues for small business growth.

Many small businesses are taking steps to solve some society's' greatest challenges, such as climate change. Will you promise to provide to small businesses based off the merit of their business plan – even if their business plans relate to mitigating the effects of or preventing climate change and not off of the political desires of the Trump administration to continue to deny the science of climate change and its impact on our economy.

Trade & Labor Issues

Do you support raising the federal minimum wage to \$15 per hour? If not, why?

- A: Any federal minimum wage policy must take into account the wide variety of circumstances affecting small businesses across different industries and in different regions of the country.

Do you support an employee's right to collectively bargain with his or her employer? If not, why?

- A: I respect all workers' rights, including those who belong to collective bargaining units, and those who choose not to belong to such unions.

Would you support federal legislation to ensure employers provide Americans with up to 12 weeks of paid family and medical leave? If not, why?

- A: Different business models and structures must be respected in order for small businesses to attract the talent required for their industry, thrive, grow and create jobs. One size does not fit all.

Would you ensure that no American small businesses and workers are impacted by future trade deals put forth or renegotiated by this administration?

- A: Like President Trump, I support trade policies that will help increase American exports and promote job growth among businesses large and small.

Would you support policies that set corporate tax rates higher for companies that have higher ratios of CEO-to-worker compensation? If not, why?

A: A robust corporate tax policy must consider the effects it will have on job creation and investment in the United States. I will be a forceful advocate for the interests of small businesses as the Administration considers proposals for improving our corporate tax structure.

Has President Trump discussed with you any programs at the SBA that he and his administration would like to eliminate?

A: The President and I have discussed SBA and its role broadly and have agreed that we need a strong and effective SBA. We have not discussed the particulars of any programs but rather the underlying need to improve and strengthen the support we give to small business.

If a small business owner came to you and said "Gun violence is plaguing my community and harming my business," how would you respond?

A: I would discuss with the business owner the nature of the problems in his or her particular community, and the efforts made by local leaders and law enforcement to combat violence and protect all members of the community.

Do you support commonsense policies like a background check on every gun sale which data tells us is effective in reducing gun homicide and violence? If not, why?

A: I look forward to learning more about these issues as I serve in the Administration. I would particularly hope to seek input on issues such as these from local community leaders in business and law enforcement.



January 14, 2017

Honorable Jim Risch
Chairman
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20515

Honorable Jeanne Shaheen
Ranking Member
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20515

Chairman Risch and Senator Shaheen,

On behalf of America's SBDC, the Association representing Small Business Development Centers, we would like to express our sincere support and enthusiasm for the nomination of Ms. Linda McMahon to the position of Administrator of the US Small Business Administration. Ms. McMahon has a long and accomplished career as a small business owner, going from a struggling position that so many small business owners know, to highs to which so many small business owners aspire. Her experience is inspirational and will provide a template for the success that she wants SBA to assist every small business to achieve.

The members of America's SBDC are impressed not only by her successful career but also by her understanding that business assistance is an important tool for small business growth. Our members in Connecticut are fully aware of her strong support for the SBDC program's partners, the CT Business and Industry Association and the Business Council of Fairfield County and her support for women entrepreneurs, who make up over 45 percent of our SBDC clients.

Moreover, her dedication to the broadening of economic opportunity and to community development is an aspect of her character and career that America's SBDC believes commends her most strongly. We encourage you and your colleagues to confirm her nomination.

Sincerely,

C. E. "Tee" Rowe
President/CEO
America's SBDC

Emily Carter
State Director
CT SBDC

Michael Myhre
Chairman of the Board
America's SBDC



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Joanne Randolph
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Elena Vasconez
MI Casa Resource Center, CO

President & CEO
Antonella Pianalto

Dear Chair Risch and Ranking Member Shaheen,

On behalf of the 109 centers that make up the Association of Women's Business Centers (AWBC), we write to ask your support of Linda McMahon to be the next Administrator of the Small Business Administration (SBA).

As you know, the Women's Business Center (WBC) program is a public-private partnership with more than 25 years of success in providing training, counseling, mentoring, and access to capital to women entrepreneurs across the country. Our network reaches into communities – urban and rural alike – to assist America's job creators in launching and growing their own business.

Women's Business Centers are focused on being an effective and efficient resource for one of the fastest growing sectors of the economy. Our continued growth leaves an enormous footprint of successful business owners and job creators. In 2015, our most recent reported year, our Centers reached record numbers including:

- More than 140,000 clients served by WBCs
- 15,000+ training sessions were held by WBCs in over 35 languages
- WBC assisted with more than \$87.5 million in capital infusion

To build on that success and further meet our goal of serving entrepreneurs nationwide, we are advocating for additional resources to expand the program's impact and for the modernization and streamlining of SBA requirements.

Throughout her testimony before your Committee, Mrs. McMahon reiterated a commitment to women entrepreneurs and providing them with the technical assistance they need to succeed, through the SBA resource partners. As the stewards of one of those programs, we believe she will be an effective advocate and leader of the agency tasked with ensuring America's job creators have the government resources they need.

Her nomination reflects her achievements as an entrepreneur and her leadership in mentoring and counseling runs parallel with the services of WBCs. We hope you will favorably consider her nomination to be the next Administrator of the Small Business Administration.

Sincerely,

Antonella Pianalto
President & CEO,
Association of Women's Business Centers

cc: Members of the Senate Committee on Small Business & Entrepreneurship

Dear Chairman Risch and Ranking Member Shaheen,

I am a Connecticut resident, a proud lifelong Democrat, former journalist and small business owner (I own a communications firm, CaseyInk, LLC). I write to support the nomination of Linda McMahon to head the SBA.

I have heard arguments against her nomination that involve the health benefits WWE did or did not provide to wrestlers. All such factors must be taken into consideration, of course. But this issue pales beside the manner in which WWE treats the overwhelming majority of the 800 employees who work for the company who are not now, and will never be, wrestlers. Those benefits and the treatment of the “worker bees” speaks volumes about Mrs. McMahon’s values as the founder of the company and the laudable ethos she would bring to the important position for which she is being considered.

Most of the employees for WWE work in technical fields such as videography. They are people such as my daughter, Anna, who was hired by WWE as a temporary employee in September of 2015 and given permanent status last year.

Every parent who watched his or her daughter or son struggle to get a job during the recent recession would pray for their kids to work for a company like WWE. I was delighted when Anna told me the benefits that she and other employees receive, and thoughtfulness shown to them that goes well beyond what I experienced as a journalist for 30-plus years. Besides generous medical and dental benefits, Anna started with 3 weeks vacation (something I had to work for five years to earn), a 6 percent 401(k) match, an opportunity to buy WWE stock at a substantial discount, and other nice touches such as free yoga classes. Because Anna works on a shift through the dinner hour, the company buys her dinner of her choice. The company *buys her dinner*. Think about that.

I’ve never watched WWE and I’ve never met Linda McMahon. But here is what I know. Mrs. McMahon struggled to start and build her business, to hold on to it, and most important, she didn’t forget those struggles when it prospered. She treats the “little people” who work for the company well. The difficulties she once faced are not distant memories. She is conscious of the obstacles women face in business, which she, too, once faced. She would bring an important perspective and voice to a cabinet that will have far, far too few women and a lamentable surplus of wealthy people for whom worrying about bills is a completely alien experience.

I urge the committee to vote in favor of Linda McMahon’s nomination.

With every good wish,

Maura Casey
Founder, CaseyInk, LLC
47 Kahn Road
Franklin, CT 06254
maura@caseyink.com

FEDERAL ALLIES INSTITUTE

January 24, 2017

The Honorable James Risch
Chairman, U.S. Committee on Small Business
& Entrepreneurship
Washington, DC 20510

The Honorable Jeanne Shaheen
Ranking Member, U.S. Committee on Small Business
& Entrepreneurship
Washington, DC 20510

Dear Senators Risch and Shaheen:

On behalf of the Federal Allies Institute (FAI), and our 2,000 small business participants from across the United States for over nine years, I am writing to you to express full support for the nomination of Linda E. McMahon to be Administrator of the Small Business Administration.

We believe Linda E. McMahon has the expertise and determination to lead the agency to mentor small businesses, to alleviate unreasonable regulations, and to rebuild the SBA Office of Advocacy, to restore the Office of Advocacy's independent role as an advocate on behalf of small businesses to other agencies and to weigh in on their rule making. And to streamline and modernize federal contracting tools and to better communicate the government-wide mentor protégé program.

Federal Allies Institute is a small business trade association formed at the request of Joint Base Myer-Henderson Hall Directorate of Procurement to assist them and many other federal agencies and military and small business entrepreneurs with federal contracting and acquisition best practices and Ethics.

Very truly yours,



David T. Boddie
Founder & Executive Director



January 23, 2017

The Honorable James E. Risch
Chairman
Committee on Small Business & Entrepreneurship
U.S. Senate
Washington, DC 20510

The Honorable Jeanne Shaheen
Ranking Member
Committee on Small Business & Entrepreneurship
U.S. Senate
Washington, DC 20510

Dear Chairman Risch and Ranking Member Shaheen,

The National Association of Development Companies (NADCO), representing U.S. Small Business Administration (SBA) lenders including the nation's 240 SBA Certified Development Companies (CDCs), writes to support Linda McMahon as the next Administrator of the SBA. As an entrepreneur herself, she understands first-hand the challenges that are facing our small businesses today. We welcome her experience and leadership to help guide SBA and our industry in supporting communities across America.

The SBA 504 program is SBA's flagship economic development program for America's small businesses. Since 1990, 120,000 SBA 504 loans have been processed for a total of \$64.3 billion dollars from the 504 program alone, or an estimated \$160.8 billion dollars lent in total (including third party lender/bank dollars). The 504 program is primarily a jobs or growth program. In the same time period, 1,660,000 jobs have been created, and many others retained, with the SBA 504 program. As CDCs continue to assist with economic development in their communities through the 504 and other programs, having a strong leader at the helm of SBA is critical to continuing this good work.

NADCO and the nation's CDCs look forward to working in partnership with your committee and Ms. McMahon as the tip of the spear in continuing to grow our economy and create new jobs. We urge a swift confirmation by the full Senate so that our important work together can begin.

Sincerely,

A handwritten signature in black ink, appearing to read 'Barbara A. Vohryzek', is written over a light blue horizontal line.

Barbara A. Vohryzek
President & CEO

cc: Members of the Senate Committee on Small Business and Entrepreneurship



January 23, 2017

The Honorable James Risch
Chairman
Committee on Small Business & Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington, DC 20510

The Honorable Jeanne Shaheen
Ranking Member
Committee on Small Business & Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington, DC 20510

Dear Chairman Risch and Ranking Member Shaheen:

The National Association of Government Guaranteed Lenders (NAGGL) is a trade association that represents approximately 800 private-sector financial institutions and partners that serve over 64,000 small businesses across the U.S. every year through the Small Business Administration's (SBA) 7(a) lending program. I am writing on behalf of the Association to express our support for the confirmation of Linda McMahon to serve as SBA Administrator in President Donald J. Trump's Cabinet.

As the country continues to rebound from the greatest economic downturn since the Great Depression, it needs leaders that support and share the common goals of the SBA 7(a) lending industry: to grow the economy from the bottom up, create jobs through private-sector investments, and ensure that the backbone of this country – small business – has the access to capital needed to thrive. With its private-sector driven framework, SBA 7(a) lending accomplishes these goals and fills a vital lending gap in the conventional banking marketplace.

Ms. McMahon's decades-long successful business career uniquely positions her to grasp the challenges and opportunities that exist in starting, building, and growing a business. Based on her support and understanding of SBA's lending programs as a tool to grow the economy, NAGGL gives its endorsement to her confirmation as SBA Administrator.

For the past thirty years, NAGGL's members, through their participation in the 7(a) program, have contributed to the creation or retention of up to 600,000 jobs annually and the growth of local economies of this country in both tangible and immeasurable ways. As a new Congress and a new Administration begin their work, NAGGL and its members look forward to continuing their efforts on behalf of small businesses and to working hand-in-hand with Ms. McMahon as she leads an incredibly vital part of the federal government.

Sincerely,

Anthony R. Wilkinson
NAGGL President & CEO



January 23, 2017

The Honorable James Risch
Chairman
Committee on Small Business & Entrepreneurship
United States Senate

The Honorable Jeanne Shaheen
Ranking Member
Committee on Small Business & Entrepreneurship
United States Senate

Dear Chairman Risch and Ranking Member Shaheen:

On behalf of the Small Business & Entrepreneurship Council (SBE Council) and our more than 100,000 members nationwide, I am writing to express our strong support for Linda McMahon's confirmation as Administrator of the Small Business Administration (SBA). As an organization that has worked for nearly 25 years strengthening the ecosystem for startups and small business growth, SBE Council believes Mrs. McMahon is ideally suited to lead and strengthen the SBA, and ensure its programs and initiatives are working effectively to support our nation's entrepreneurs and small businesses.

Mrs. McMahon is an accomplished entrepreneur and CEO. The SBA, President Donald Trump, and small businesses across America will benefit from her unique journey and success, as well as her passion for women's entrepreneurship and leadership. Her perspective and experience will be a tremendous asset in helping the new Administration focus on its key goals of stronger economic growth and job creation by focusing SBA programs on those that help existing businesses attain stronger growth, and encouraging others to pursue their dream of starting a business.

Mrs. McMahon brings credibility and authentic leadership to the Administrator's office and role. She has the experience to immediately hit the ground running once confirmed by the U.S. Senate. We urge the committee to affirmatively report out Mrs. McMahon's nomination, and for the full Senate to support her confirmation.

Thank you for your leadership, and please do not hesitate to contact me if you have questions about SBE Council's support for Mrs. McMahon.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Kerrigan". The signature is fluid and cursive, with the first name "Karen" and last name "Kerrigan" clearly distinguishable.

Karen Kerrigan
President & CEO

cc: Members of the Committee on Small Business & Entrepreneurship, United States Senate

Protecting small business, promoting entrepreneurship

301 Maple Avenue West, Suite 100 • Vienna, VA 22180 • (703)-242-5840 • sbecouncil.org
@SBECouncil



January 24, 2017

The Honorable James Risch
Chairman
Committee on Small Business and
Entrepreneurship
428A Russell Senate Office Building
Washington, DC 20510

The Honorable Jeanne Shaheen
Ranking Member
Committee on Small Business and
Entrepreneurship
428A Russell Senate Office Building
Washington, DC 20510

Dear Chairman Risch, Ranking Member Shaheen, and Members of the Committee:

On behalf of the members of the Small Business Investor Alliance, we encourage you to provide your support and timely consent in the confirmation of Linda McMahon to lead the U.S. Small Business Administration. The vision, determination, hard work, and leadership she provided to her small business grew it into a household name and a respected large company. Small Business Investment Companies (SBICs) look for those qualities in the entrepreneurs they support and we believe those qualities will serve her well as she leads the SBA. We support her nomination and timely confirmation.

On a personal note as it relates to her character, I would like to share story that I think tells a great deal about Mrs. McMahon. Congress took up election reform after the messy 2000 Presidential election. I served on the staff of the Chairman leading the reform effort. We were surprised that Mrs. McMahon wanted to meet because, while we saw metaphorical connections between wrestling and elections, we did not see a policy connection. We were even more surprised when we found out about the extraordinarily successful, nonpartisan voter registration drives the WWE had been holding around the country. We asked her why a wrestling company was taking up such an unusual effort. The passage of time prevents me from providing a direct quote, but I can provide a good faith summary. She told us, "we know our customers and we care about them. They aren't fancy people, but they are good, hardworking people. They matter - and too often they are overlooked. I don't know if they will vote or how they will vote, but we want to make sure they can use their vote if they ever want to." She had a deep sense of civic duty. She had the ability to see people that are all too often overlooked and to care about them with humility. She is the type of leader I think we all want serving in the government.

Thank you for considering our views in this matter. We look forward to working with this Committee in the new Congress and working with Mrs. McMahon in the new administration.

Sincerely,

A handwritten signature in black ink, appearing to read "Brett Palmer".

Brett Palmer
President
Small Business Investor Alliance (SBIA)

1156 15th St NW
 Suite 502
 Washington, DC 20005
 www.sbtc.org



January 26, 2017

Robert Schmidt
 Chairman

Jere Glover
 Executive Director

Larry Nannis
 Treasurer

Kevin Burns
 New England
 Regional Chair

Matt Oristano
 Joseph Schwartz
 Mid-Atlantic
 Regional Chair

Ash Thakker
 Southeast
 Regional Chair

Mary Delahunty
 Southwest
 Regional Chair

Russ Farmer
 Mountain
 Regional Chair

Michael Browne
 Pacific
 Regional Chair

Roy Keller
 State Liaison

Paul Donovan
 Michael Squillante
 NIH Committee
 Co-Chairs

Ash Thakker
 Phase III Committee
 Chair

Russ Farmer
 DCAA Committee
 Chair

The Honorable James Risch
 Chairman
 US Senate Committee on Small Business &
 Entrepreneurship
 428A Russell Senate Office Building
 Washington, DC 20510

The Honorable Jeanne Shaheen
 Ranking Member
 US Senate Committee on Small Business &
 Entrepreneurship
 428A Russell Senate Office Building
 Washington, DC 20510

Dear Chairman Risch and Ranking Member Shaheen ,

The Small Business Technology Council (SBTC) would like to express its support for the confirmation of Linda McMahon as Administrator of the Small Business Administration.

SBTC, the nation's largest association of small, technology-based companies in diverse fields, is proud to serve as the technology council of the National Small Business Association, the nation's oldest nonprofit advocacy organization for small business, serving more than 65,000 small companies throughout the United States.

We believe that Ms. McMahon's background and experience as an entrepreneur and CEO of a successful small business, which later grew into a large multinational corporation, will help her understand the unique challenges facing small businesses in America. We look forward to working with her in the near future to help strengthen and protect vital small business R&D funding programs like the SBIR and STTR programs, which are so important to our nation's high-tech innovative economy.

We ask that the Senate Small Business & Entrepreneurship vote to quickly approve Ms. McMahon as Administrator, so she can begin her important work advocating for and supporting American small businesses as soon as possible.

Sincerely,

Jere W. Glover
 Executive Director
 Small Business Technology Council

**U.S. CHAMBER OF COMMERCE
SMALL BUSINESS COUNCIL**

MAXINE TURNER
CHAIR
SMALL BUSINESS COUNCIL

TOM SULLIVAN
VICE PRESIDENT
SMALL BUSINESS POLICY

January 30, 2017

The Honorable Jim Risch
Chairman
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

The Honorable Jeanne Shaheen
Ranking Member
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Chairman Risch and Ranking Member Shaheen:

Last week's hearing considering Linda McMahon's nomination to lead the U.S. Small Business Administration highlighted just how important the health of America's small business community is to the strength of the American economy. As the owner of Cuisine Unlimited, based in Salt Lake City, and as Chair of the U.S. Chamber of Commerce's Small Business Council, I call on Congress to explore the ways to grow the economy, and recognize the key role small businesses play as part of the engine for economic growth. We look forward to working with Linda McMahon, should she be confirmed, and the entire SBA team.

The path for America to uplift communities, spur innovation, and create jobs depends on, among other things, improving the environment for startups and "Main Street" small businesses. More than two-thirds of the net new jobs during the last two decades have been created by small businesses, and the 62 million people employed at small firms represent approximately half of the private sector workforce. Simply put, small business owners are the job creators, innovators, and community leaders who make key contributions to the economic engine of America.

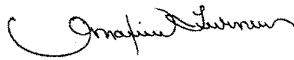
The Chamber is the world's largest business federation. We represent the interests of more than three million businesses and organizations, the majority of which are small firms. In fact, approximately 96 percent of Chamber member companies have fewer than 100 employees – approximately 75 percent have fewer than ten. The Small Business Council works to ensure that the views of small business considered as part of the Chamber's policy-making process.

The Chamber looks forward to working with you, the entirety of Congress, and the new Administration to focus on economic and job growth. The Chamber's agenda of comprehensive tax, regulatory, and healthcare reform, expanding opportunities for American businesses trading overseas, removing barriers to capital and domestic energy production, and creating a more competitive workforce are all critically important priorities for small businesses. I hear about these issues every day as Chair of the Chamber's Small Business

Council and we were pleased that Linda McMahon expressed the importance of all of these issues during her nomination hearing.

Based on her track record of growing a small business into a global powerhouse, her strong leadership qualities, and her willingness to step back from her successful enterprise to serve in the Administration, we believe Linda McMahon will be a strong champion of America's small businesses if confirmed as Administrator. Thank you for considering our views and we look forward to working with you and with Linda McMahon on important issues that impact America's small businesses.

Sincerely,



Maxine Tuner



Tom Sullivan

cc: Members of the Committee on Small Business and Entrepreneurship